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*Governor's Budget*

*Summary*

*1991-92*

*Pete Wilson  
Governor  
State of California*





# *Governor's Budget Summary*


## *1991-92*

*Submitted by*  
*Pete Wilson*  
*Governor*  
*State of California*  
*to the*  
*California Legislature*  
*1991-92 Regular Session*

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PETE WILSON  
GOVERNOR

State of California  
GOVERNOR'S OFFICE  
SACRAMENTO, CA 95814



January 10, 1991

To the Senate and Assembly of the Legislature of California:

The 1991-92 Governor's Budget is submitted to you in compliance with Article IV, Section 12 of the California Constitution.

This Budget is the framework for my vision of California as we enter the 21st century. We have set our priorities and provided an 18-month plan to achieve budgetary reform and fiscal stability. California cannot afford a crisis management approach to taxing and spending. Budget demands from existing programs are draining our resources and limiting our opportunities. We must achieve structural reform to prevent these budget circumstances from occurring ever again.

As Governor, my first priority is for California to invest in its future -- our children. Our budget problems reinforce the need to strengthen our investment for families. We must avoid future costs to the state for acute medical care, drug rehabilitation, public assistance and incarceration. By investing in California's young people through child development and educational programs, we will more than any other way shape California's future.

Additionally, I am proposing to increase county fiscal capacity and flexibility by realigning the state and local fiscal responsibilities for two major health programs. As a Governor with deep roots in local government, I intend to create a new relationship with local government on which the citizens of California can rely to deliver essential government services.

California has a long agenda of challenges that I am eager to address. The first of these is putting our fiscal house in order. I look forward to a cooperative and productive relationship with the Legislature as we work together on this task.

We all share common goals. California will be competitive and prosperous and our children will be prepared to provide America the confident leadership she will require in the new century. That is my dream. It is our challenge.

Sincerely,

A handwritten signature in cursive script that reads "Pete Wilson".

Pete Wilson  
Governor



STATE OF CALIFORNIA

PETE WILSON, Governor

**DEPARTMENT OF FINANCE**

OFFICE OF THE DIRECTOR  
STATE CAPITOL, ROOM 1145  
SACRAMENTO, CA 95814-4998



January 10, 1991

The Honorable Pete Wilson  
Governor, State of California  
State Capitol  
Sacramento, California 95814

Dear Governor Wilson:

In developing the 1991-92 Governor's Budget we attempted to prepare a budget which reflects your priorities for the future: A competitive and prosperous California, with a diverse and strong economy producing good jobs and income to support sound public services. Most importantly it is a framework for your priority of making essential investments in the health and education of California's children as the key to California's future.

As you know, the decisions required to present this budget reflect some hard choices which were necessary to meet the state's unprecedented fiscal challenges. Despite these challenges, this Budget is fair and balanced; it provides a prudent reserve and funds essential programs. The Budget funds budgetary demands created by increased school enrollment and other caseload driven programs, but provides no cost-of-living adjustments. With the extraordinary circumstances facing the state, clearly difficult choices were required, but no program or constituency was singled out for drastic cutbacks.

This Budget is a cornerstone of your new Administration -- a plan to assure the long-term fiscal integrity of California State Government.

Finally, I want to thank the men and women of the Department of Finance and their families. They represent the very best State Government has to offer. Without their dedication and professionalism this Budget would not have been possible.

Sincerely,

A handwritten signature in cursive script that reads "Thomas W. Hayes".

THOMAS W. HAYES  
Director of Finance





# California's Fiscal Challenges

**A**s the State of California enters the final decade of the 20th century, it faces unprecedented fiscal challenges. The continuing budget problems which have been the focus of efforts by the state's political leaders and fiscal experts remain largely unresolved. The widening gap between program commitments and available resources must be addressed immediately.

**Budget Outlook.** In the 1990-91 fiscal year, weak revenue growth, combined with unusually rapid expenditure increases in public assistance, education, corrections, and other programs will deplete the Reserve for Economic Uncertainties.

In the 1991-92 fiscal year, the General Fund workload budget exceeds expected revenues by \$3.7 billion. This problem coupled with the current year shortfall and the need for a prudent reserve means that the state must close a funding gap by an amount exceeding \$7 billion by June 30, 1992.

**Structural Problem.** Fundamentally, the state suffers from a *structural budget problem*. The growth in demand for public services—especially public assistance, health, K-12 education and corrections—is exceeding the growth in the state's economy and revenue structure. Some of this problem is associated with demographic factors. California is experiencing rapid population growth, due in large part to high levels of immigration. The state's population also is experiencing significant

change in its ethnic and age composition. These demographic factors are having a substantial impact on public school enrollments, public assistance caseloads, and on other programs.

Figure 1-A

## Key General Fund Budget Indicators Caseload 1985-86 to 1991-92

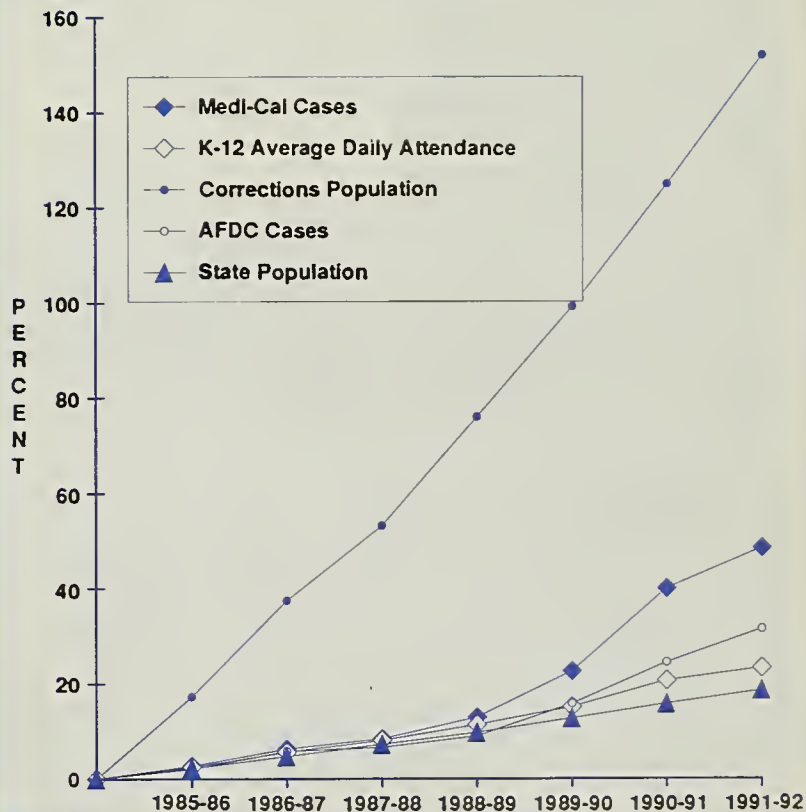


Figure 1-A compares the growth in caseload indicators for several large programs with the growth in the state's population since 1984-85. Public school enrollments have increased nearly 25 percent. In the past two fiscal years, school enrollment has grown over 70 percent faster than the growth rate of the general population. Caseload in the Aid for Families with Dependent Children (AFDC) program has increased by over 30 percent. The prison population has increased over 150 percent.

Figure 1B compares the growth in expenditures of these programs with the growth in General Fund revenues since 1984-85. The 1991-92 expenditures reflect the demands of the natural growth of these programs. K-12 expenditures, which have increased nearly 75 percent, have grown because of unusually rapid enrollment growth, statutory Cost-of-Living Adjustments (COLAs), and the impact of new policies, such as the education reforms enacted in 1983 and the constitutional funding guarantee contained in Proposition 98. Spending for AFDC has grown over 115 percent, due to caseload growth, increased placement of children in foster care, and the impact of statutory cost-of-living adjustments. Medi-Cal spending has grown over 120 percent, due most notably to federally mandated expansions in program eligibility.

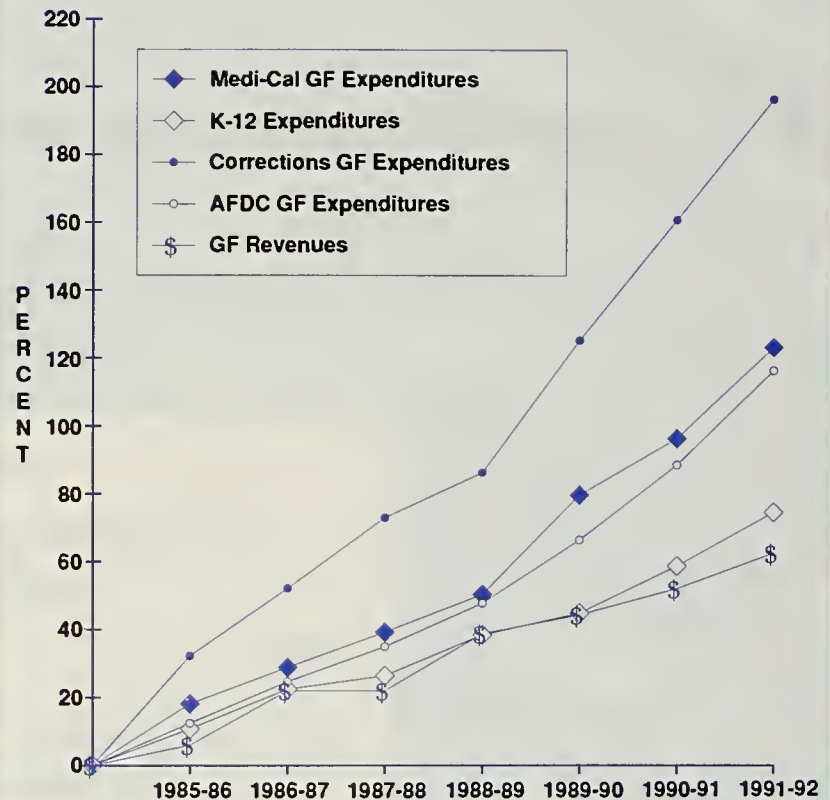
Corrections expenditures have increased nearly 200 percent, primarily from the rapid growth in the number of dangerous felons incarcerated in state prison facilities. Other programs not shown in the figure also have grown rapidly, most notably debt service and social services programs.

General Fund revenues have grown slightly over 60 percent during this same period. It is clear that normal growth in General Fund revenues can no longer sustain these growth rates. A long-term strategy to address the structural budget problem must reduce the rate of growth in state spending.

**Cyclical Problem.** A second component of the budget problem is *cyclical*. The state has entered an economic recession of uncertain magnitude and duration. Revenue collections have fallen short of previous forecasts and caseloads for public service programs have

Figure 1-B

### Key General Fund Budget Indicators Expenditures 1985-86 to 1991-92



increased sharply. The cyclical component of the budget problem is having dramatic effects on both revenues and spending, but will diminish as the economy recovers and program expenditures stabilize. This effect, and the fact that replenishing the Reserve for Economic Uncertainties is a one-time expenditure, means that a strategy for addressing the cyclical budget problem can appropriately include a limited number of one-time adjustments.

**Limited Flexibility.** Finally, the budget process suffers from a *lack of flexibility* in addressing the budget gap, because of a variety of state statutes, voter-approved initiatives, court decisions and federal laws. As much as 90 percent of the state's budget is governed by these laws. The remaining 10 percent lacks similar preferred treatment, but includes such vital services as mental health and fire protection.



The most important restrictions on the annual budget process are a number of constitutional restrictions. The most prominent is Proposition 98, which guarantees minimum state funding levels for K–14 education programs, and limits the ability of the state to use tax policy to address budget shortfalls. Other constitutional provisions require state spending for debt service, state-mandated local programs, and the homeowner's exemption.

A number of statutory entitlements guarantees that persons meeting eligibility requirements may receive specific benefits. Among these are entitlements for AFDC, SSI/SSP, Medi-Cal, and various tax relief programs. A number of these programs provide for automatic cost-of-living adjustments, which further erodes the flexibility of elected officials to set priorities through the budget process.

In recent years, federal policies have added greatly to the state's fiscal burden. Federal immigration and refugee policies in particular have greatly increased the number of legalized and undocumented noncitizens who are entitled to state-funded public assistance, medical and public education services. At the same time, the federal government has reduced its commitment to provide the state with fiscal relief for these obligations through reduced funding for the State Legalization Impact Assistance Grant (SLIAG) program and the Refugee Cash Assistance program.

Finally, the courts have greatly expanded their own role in setting the state's budget priorities. For example, the state has created a number of new public assistance programs in recent years solely to comply with court orders. In addition, the state's flexibility to administer its correctional facilities is also limited by a number of court orders affecting prison overcrowding. Finally, a number of important court decisions have weakened the state's revenue base.

These laws limit the ability of the state's elected officials to set priorities among competing demands for public services. The Administration will actively encourage a thorough review of factors which restrict the state's elected officials from discharging their constitutional obligations to develop an annual budget plan and oversee its implementation.

### Primary Features of the Governor's Budget for 1991–92

The Governor's Budget for 1991–92 is an 18-month reform plan beginning in January 1991 to restore the fiscal health of the State of California and to assure the long-term integrity of the state and local agencies on which our 30 million residents depend. Toward these ends, the Budget has the following primary features:

- It is balanced.
- It provides a prudent reserve of \$1.4 billion.

- It contains no general increases in the personal income tax, bank and corporations tax, or sales and use tax.
- It raises additional revenues that are needed to finance administration initiatives and to preserve funding for vital government services. Those revenues are raised on the basis of sound tax policy and will not adversely affect the state's business environment or economic growth.
- It funds all population, enrollment and caseload growth for all programs.
- It provides no funding for statutory or discretionary cost-of-living adjustments.
- It makes substantial reductions in state operations and local assistance budgets, in part from the application of the "trigger" mechanism enacted in the 1990 legislative session.
- It is equitable. The extraordinary circumstances facing the state require enacting controversial measures, including program reductions and new revenues. No program or constituency, however, is singled out for drastic cutbacks.
- It contains long-term budget reform.

### Principles of Balanced Long-Term Budget Reform

**Prevention vs. Crisis Management.** The social problems which are driving the state's fiscal problems—crime, mental illness, child abuse, illiteracy, premature births—are largely preventable. State government must establish new priorities for the prevention of these problems, rather than provide solely for their mitigation. In spite of the state's fiscal situation, this budget exercises leadership for the long-term benefit of our residents and taxpayers.

**Economic Development.** The state's diverse and growing economy is the basic source of resources for support of public services. A long-term strategy for budget reform includes tax, regulatory, public assistance, education, infrastructure and trade policies that promote the development of the state's workers and businesses.

If California is to compete effectively in the national and international marketplace of the 21st century, we cannot limit our ability to attract business and jobs to the state. Our economic development future is closely linked to a tax and regulatory environment that encourages entrepreneurial efforts. The state's tax policies should also be as fair and as simple as possible.

**Balancing Services and Tax Effort.** California ranks 25th among the states in total tax revenues per \$100 of personal income. Yet in many programs, particularly public assistance, California's services are among the richest offered by any state. Simply put, the state's

revenue structure cannot sustain the level of public service commitments that have been made.

Beyond the immediate problem, state spending is growing at a rate that cannot be sustained by growth in the state's economy. Although increased revenues alone cannot address the widening gap between expenditure growth and revenue growth, this budget includes new, ongoing revenues to fund administration initiatives and other vital services.

This budget includes substantial, comprehensive and permanent budget reforms which will realign expenditures with available revenues and which will reduce the rate of growth in state spending to a level which can be sustained by the growth in the state's economy.

**Efficiency and Innovation.** Efforts to balance the budget should not rely exclusively on reducing services and increasing taxes. Long-term budget reform means finding new and innovative ways to deliver existing services more efficiently.

**Investing In Children.** Children are our state's most important resource. Unfortunately, a variety of pressures in our society has resulted in unacceptable levels of perinatal health problems, childhood illness, substance abuse, crime and poor educational achievement. These problems have contributed directly to the state's fiscal difficulties. Long-term budget reform requires taking steps to assure that vital services to children are funded, in order to avoid future expenditures for acute medical care, drug rehabilitation, public assistance and incarceration.

**Public Safety.** State spending on corrections has grown rapidly over the past several years. The Administration will operate the state's correctional facilities in the most efficient manner possible, always maintaining as a first priority the protection of the lives and property of our residents.

## **New Directions: Long-Term Budget Reforms and Initiatives**

**Realigning State and Local Program and Financial Responsibilities.** The current relationship between the state and the 58 counties includes a number of arbitrary and inefficient divisions of administrative and fiscal responsibilities. Counties have been forced to dedicate increasing portions of their general purpose revenues to support state programs, without having the flexibility to reduce service levels or manage programs more efficiently. The result has been a growing fiscal crisis in many counties, inefficient program administration, and a growing lack of accountability. To address these problems, the budget proposes:

- Returning administrative and fiscal responsibility for the AB 8 program, the local Public Health Services program and most local mental health services programs to counties. Counties would be provided adequate and growing new local revenues from the

Vehicle License Fee and an Alcoholic Beverage Sur-tax to fund these services.

- Repealing a variety of state-mandated programs and giving counties greater flexibility to administer existing programs.
- Exploring with counties, cities, and redevelopment agencies options for improving land-use decision-making and preventing unnecessary erosion of local revenues.
- Allowing counties, with voter approval, to increase local sales and use taxes by up to ½ cent to fund drug interdiction, treatment, and education, and for crime suppression efforts.

In addition, the Administration proposes allowing local agencies to issue general obligation bonds for construction of county jail and school facilities with a majority vote of local electors. This proposal is intended to provide local agencies with a new revenue source for public facilities and to relieve the state of the fiscal burden of financing local infrastructure projects.

**Investing in Children and Families: Health.** Preventing childhood illness and substance abuse among children is a central focus of the Administration's efforts to avoid future costs for public assistance, drug treatment and incarceration. To address these issues, the budget proposes:

- Expanding eligibility for perinatal and well-baby care at a cost of \$52.7 million. This will provide services to an additional 9,000 infants and 17,000 women in 1991-92.
- Increasing funding for family planning services by \$10 million, and targeting those services at unmarried teens and substance-abusing women.
- Expanding funding for residential and day treatment for substance-abusing parenting women by \$25 million.
- Expanding the Drug-Free School Zones program to four new sites.

**Investing in Children and Families: Public Education.** The Administration is committed to developing public schools as the primary focus for the integration of education and other supportive services for children. Toward that end, the Administration proposes:

- Establishing a new cabinet-level Secretary for Child Development and Education.
- Expanding funding for preschool services by \$50 million, plus expected new federal Head Start and child development funding, as the first phase of a five-year commitment to provide preschool services for every low-income four-year-old who needs services. The Administration also proposes to modify the existing state program to serve more children and to more closely match Head Start standards.



- Funding a new Healthy Start program at \$20 million to assist school districts to arrange for local coordination and integration of health and social services for children.
- Providing \$10 million to provide mental health counseling in elementary schools to detect and prevent emotional or psychological problems.
- Providing \$5 million to train volunteers to act as mentors for school-aged children who lack a caring adult in their lives.
- Providing \$10 million to develop a new test instrument to assess individual student performance and progress through school.
- Expanding funding for the Early Intervention for School Success program by \$1 million.
- Expanding funding for drug education in junior and senior high schools by \$4 million.

**Restructuring Public Assistance Programs.** The Administration is proposing restructuring the state's public assistance programs with the objective of reducing AFDC caseload growth, reducing welfare dependence, improving work incentives and opportunities for AFDC recipients and improving access for medical services. Towards these ends, the budget proposes:

- Reducing AFDC grants to the minimum level permitted by federal law. At this level, California's grants will be third highest in the nation.
- Separating the AFDC aid payment from the need standard to allow recipients to retain more earned income, and studying the potential benefits of making other changes in work rules and in the grant structure.
- Expanding fraud prevention activities through elimination of the Homeless Assistance Program, reauthorization of the Fraud Early Detection Program and new efforts to discourage intentional program violators.

- Restructuring the GAIN program to provide a greater focus on work programs.

**Financial Accounting and Medi-Cal Capitalization.** The administration is proposing moving the State of California substantially toward compliance with accounting standards recommended by the Governmental Accounting Standards Board. Beginning in 1991-92, the state will reflect as revenues those tax obligations which exist but would not be collected until 1992-93. This change will increase General Fund revenues on a one-time basis by an estimated \$1,676 million. Offsetting this accrual of revenues will be a one-time expenditure of \$876 million in the Medi-Cal program, reflecting services provided in 1991-92 but for which payment would not be made until 1992-93.

The accrual of both revenues and expenditures is sound accounting practice. It also provides the state with a unique opportunity to advance a significant reform of the Medi-Cal program by expanding enrollment of beneficiaries in prepaid management care systems, such as organized county health systems and primary care case management programs. The cash method of accounting has significantly impeded the state's ability to increase enrollments in prepaid plans, because of their significant "pipeline" costs. Returning Medi-Cal to accrual accounting eliminates these "pipeline" expenditures, and greatly facilitates the ability of the state to increase enrollments in prepaid plans, which have proven to be cost-effective in delivering high-quality medical care.

## Strategy for the Future

California is facing unprecedented fiscal challenges. How effectively we meet these challenges will largely determine how well-prepared California will be to enter the next century. If we are to be competitive and prosperous, we must begin now to reshape the fiscal foundations of government. This 1991-92 Governor's Budget sets the framework for implementing this strategy.



# Bridging the Gap

**D**uring the decade of the 1980s, various factors have combined to erode the ability of the Governor and the Legislature to allocate the resources needed to serve California's citizens within available resources as indicated in the California's Fiscal Challenges Section. These restrictions have been caused by federal actions, court decisions and voter approved initiatives; statutory entitlements and cost-of-living

increases (COLAs); and rapid program caseload growth.

These pressures, when combined with the current year shortfall, and the need to restore the Special Fund for Economic Uncertainties have resulted in an 18 month budget gap of \$7 billion. Specifically, the General Fund workload budget for 1991-92 is \$46.8 billion. The reve-

**Table 2-1**  
**Bridging the Gap**  
**(Dollars in Billions)**

	<i>Amount</i>
<b>Trigger Reductions.</b> Exercise the "trigger" reduction to all non-exempted state programs.....	\$0.8
<b>Program Funding Reductions.</b> Reduce expenditures by \$1.4 billion by providing no COLAs, instituting or increasing co-payment requirements in various programs, increasing fees at the Universities, State Universities and Community Colleges, reducing AFDC grants and various other specific program reductions.....	1.4
<b>Suspend Proposition 98 in 1991-92.</b> Fully fund enrollment but provide no cost-of-living adjustments. ....	1.4
<b>Recalculate the Proposition 98 Guarantee for 1990-91.</b> Consistent with Proposition 111, the Proposition 98 guarantee has been reduced to reflect the shortfall in General Fund revenues.....	0.5
<b>Realignment of State/Local Programs.</b> Return administrative and fiscal responsibility for the local Public Health Services program and most local mental health programs to counties. Provide adequate and growing new local revenues from the Vehicle License fee and an Alcoholic Beverage Surtax.....	0.9
<b>Tax Compliance.</b> Require withholding for independent contractors, individuals receiving lump sum payments, and estates and trusts.....	0.4
<b>Tax Equity.</b> Eliminate Sales Tax exemption on candy, snack foods, newspapers and periodicals.....	0.3
<b>Medi-Cal Capitation/Accrual of Revenues.</b> Continue to move the method of accounting for tax revenues and Medi-Cal expenditures from a cash basis to an accrual basis. These changes will allow the state to expand enrollment in prepaid health care systems. They will result in a one-time net increase of the General Fund available resources.....	0.8
<b>Other Resources and Transfers to the General Fund.</b> Primarily Tideland Oil Revenues in the current year, delay implementation of tax credits for small employers who provide health insurance for their employees, recovery of federal social services funds and various other miscellaneous revenues.....	0.5
<b>Total.....</b>	<b>\$7.0</b>



nue and transfer estimate is \$43.1 billion prior to any policy decisions to close the gap. This workload budget exceeds the 1991–92 revenues by \$3.7 billion. This problem, coupled with the \$1.9 billion 1990–91 shortfall and the need to rebuild the reserve to \$1.4 billion creates the \$7 billion gap. The actions proposed to close this gap are summarized in Table 2-1.

## 1991–92 Workload Budget

A workload budget is defined in statute as the budget year cost of currently authorized programs, adjusted for changes in:

- Enrollment, caseload and population
- Statutory COLAs
- Chaptered legislation
- One-time and/or full year costs
- Federal and court mandates
- Merit salary adjustments (MSA) and price increase for operating expenses and equipment
- Constitutional program costs

**Trigger Reductions.** This structural problem in the budget was partially addressed as part of the 1990–91 Budget Agreement. A mechanism was adopted to automatically reduce General Fund appropriations in future years in the event of a gap between revenues and expenditures. Dubbed the “trigger”, this mechanism provides a process to close the gap between automatic budget increases that grow at a faster rate than revenues. It is California’s version of the federal government’s Gramm-Rudman Law.

As required by statute, the “trigger” mechanism is in effect for 1991–92 and is reflected in this Budget because the gap between the growth in expenditures (10.4 percent) and revenues (7 percent) exceeds one half of one percent. Table 2-2 displays principal growth factors resulting in \$4.4 billion growth from the current year to the 1991–92 workload budget.

After exempting costs for those items protected by the California Constitution (Proposition 98, General Obligation Bond Debt Service and Homeowners’ Tax Exemption), application of the “trigger” resulted in an \$838 million reduction, or 1.7 percent, in the \$46.8 billion workload budget. Table 2-3 reflects the 1991–92 General Fund workload costs and the associated “trigger” reductions.

Of the \$807 million in “trigger” reductions, \$243 million is attributable to reducing COLAs, \$210 million represents MSA, price adjustments and other specified reductions. The remaining \$354 million in “trigger” reductions were applied as unallocated reductions, to be determined by the individual departments.

The reason that the “trigger” captures only 1.7 percent of the estimated total cost of the General Fund workload budget is because of the exemptions authorized by the

enabling legislation. Two major exemptions are Proposition 98 (\$18.4 billion) and General Obligation Bond debt service (\$1.3 billion). Together, their costs represent 42 percent of the workload budget.

Conceptually, the trigger represents a major step on the road to budget reform and a solution to the structural problems facing the state. It fundamentally alters the presumption for increased spending on programs and COLAs in that it requires legislative action in order to provide those increases rather than having them occur automatically.

In 1991–92 the “trigger” represents a significant reduction in the cost of the workload budget. In practice, however, it must be recognized that it is only the first step in closing the gap. The remaining gap after implementing the Trigger represent a major fiscal challenge that required careful deliberation to arrive at a budget that fits within projected revenues and yet meets the demand for essential public services.

Ultimately, true long-term budget reform will be accomplished when the state realigns expenditures with available revenues and reduce the rate of growth in state spending to a level which can be sustained by the growth in the state’s economy.

**Proposition 98.** Passed by the voters in November 1988. Proposition 98 restructured state school finances by providing a guaranteed minimum level of funding for K–14 education. Specifically, school and community college districts are guaranteed either the same percentage of state General Fund tax revenues received in 1986–87 (40.317 percent), or the prior year funding level adjusted for enrollment and cost-of-living, whichever amount is greater.

The voters amended this funding guarantee in June 1990. Proposition 111 provides that if the growth in state General Fund tax revenue does not keep up with the rise in the cost-of-living, the guarantee would be adjusted for enrollment and growth in state General Fund tax revenues rather than the cost-of-living.

In 1989–90, \$15.7 billion was appropriated for schools and community colleges pursuant to Proposition 98. In 1990–91, \$16.6 billion has been under the provisions of Proposition 111.

For the 1991–92 budget year, the Administration proposes to suspend the guaranteed minimum level of funding in accordance with the provisions of Proposition 98. Proposition 98 contained provisions allowing for the suspension of its guarantee in the event of a fiscal crisis. This proposed suspension will provide for an equitable balance in funding of state programs. As detailed in Table 4-4, the Governor’s Budget provides \$16.8 billion for schools and community colleges, an increase of 1.4 percent over 1990–91. In addition, schools and community colleges will receive \$6.4 billion in local property taxes, which represents a 9.6 percent increase. In com-

bination, \$23.2 billion will be provided, a 3.6 percent increase consistent with growth in other state programs.

**Other K-14 Funding.** Not all General Fund appropriations for elementary, secondary and community college education are covered by the provisions of Proposition 98. Additional appropriations are made for debt service payments made by the state in the school building and community college capital outlay programs, contributions made by the state to the Teachers' Retirement System, and for support costs of the Department of Education and the Chancellor's Office of the California Community Colleges. These non-Proposition 98 K-14 General Fund expenditures total \$711 million in 1990-91 and \$1.3 billion in 1991-92. (A detailed listing of all expenditures may be found in Schedule 9 and all Proposition 98 appropriations are shown in Schedule 9A.)

**Table 2-2**

**1991-92  
Workload Budget  
General Fund**

**(Dollars in Millions)**

1990-91 Budget, July 1990	\$42,032
Enrollment, Caseload, Population	1,904
Statutory COLA's	383
Financial Legislation	46
One-time or full year costs	1,282
Merit Salary Adjustments and Price increase for operating expenses	211
Constitutional Programs	1,386
CSU fees to special funds	-358
All Other	-87
1991-92 Workload Budget	\$46,799

**Table 2-3**

**1991-92  
General Fund  
Workload Costs  
and Trigger Reductions**

**(Dollars in Millions)**

<i>Agency</i>	<i>1991-92 Workload</i>	<i>Trigger Reduction</i>	
		<i>Amount</i>	<i>Percent</i>
Legislative, Judicial, and Executive .....	\$1,487	-\$42	2.8
State and Consumer Services.....	296	-12	4.0
Business, Transportation, and Housing .....	194	-3	1.5
Resources.....	821	-19	2.4
Health and Welfare.....	14,879	-410	2.8
Youth and Adult Correctional Agency.	3,345	-115	3.5
K-12.....	17,502	-1	0.9
Higher Education .....	6,534	-172	3.6
General Government.....	1,741	-33	1.9
TOTAL.....	\$46,799	-\$807	1.7

**Table 2-4**  
**Proposition 98 Guarantee Appropriations**  
**(Dollars in Thousands)**

	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
<b>K-12 Schools</b>			
School Districts and County Offices of Education .....	\$13,843,715	\$14,664,651	<b>\$14,816,656</b>
School Facilities Aid Program .....	54,465	77,069	<b>90,090</b>
State Mandated Local Costs .....	126,634	119,872	<b>186,406</b>
Office of Criminal Justice Planning .....	16,700	26,470	<b>26,470</b>
K-12 Claims Legislation.....	1,250	-	<b>-</b>
Total .....	<u>\$14,042,866</u>	<u>\$14,886,532</u>	<u><b>\$15,119,622</b></u>
<b>Community Colleges</b>			
Community College Districts .....	\$1,584,557	\$1,645,507	<b>\$1,657,233</b>
State Mandated Local Costs.....	15,073	15,496	<b>7,850</b>
Total .....	<u>\$1,608,663</u>	<u>\$1,661,003</u>	<u><b>\$1,665,083</b></u>
<b>State Agencies</b>			
Department of Developmental Services .....	\$13,670	\$16,746	<b>\$18,544</b>
Department of the Youth Authority .....	26,136	29,551	<b>32,020</b>
State Special Schools.....	13,890	15,431	<b>15,765</b>
Employee Compensation.....	-	-	<b>400</b>
Indian Education Centers .....	1,530	1,530	<b>1,516</b>
Total .....	<u>\$55,226</u>	<u>\$63,258</u>	<u><b>\$68,245</b></u>
<b>Total Proposition 98 Guarantee .....</b>	<b>\$15,706,755</b>	<b>\$16,610,793</b>	<b>\$16,852,950</b>



**Table 2-5**  
**1991-92 Fund Sources**  
(Dollars in Millions)

<i>Source</i>	<i>General Fund</i>	<i>Special Funds</i>
Personal Income Tax	\$20,034	\$3
Sales Tax	16,780	183
Bank and Corporation Taxes	5,535	25
Highway Users Taxes	--	4,042
Motor Vehicle License Fees	--	3,225
Insurance Tax	1,325	--
Tobacco Tax	158	644
Liquor Tax	135	190
Estate Taxes	487	--
Horse Racing Fees	113	32
Other	1,204	2,982
Total	\$45,771	\$11,326

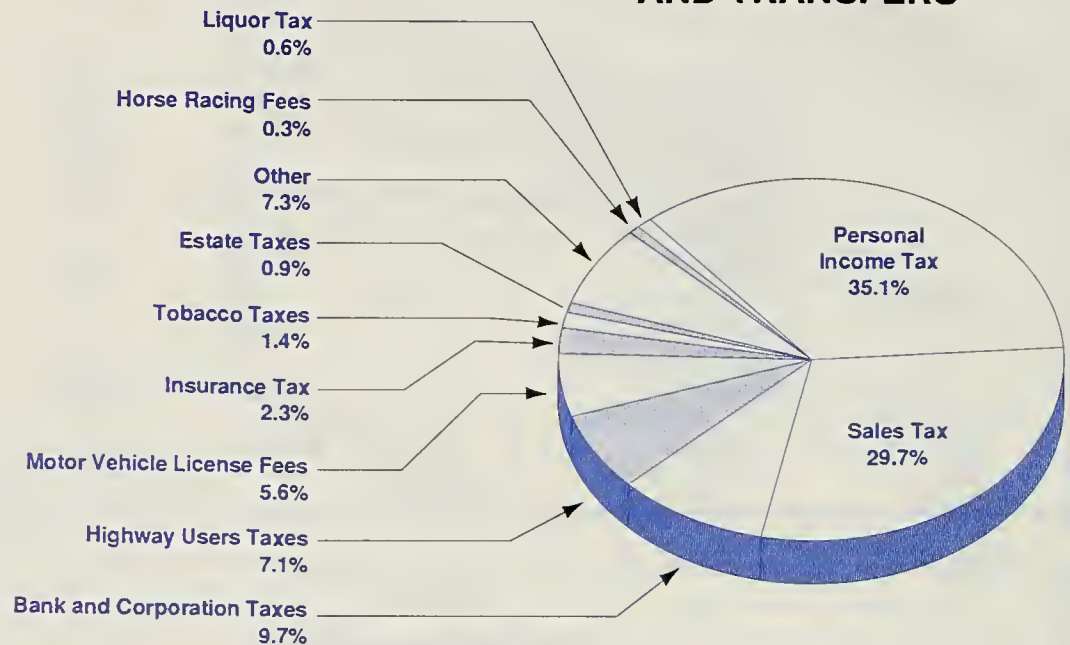
**Table 2-6**  
**1991-92 Expenditures**  
**By Fund**  
(Dollars in Millions)

<i>Function</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Bond Funds</i>	<i>Total</i>
Education (K-12)	\$16,259	\$55	--	\$16,314
Health and Welfare	13,964	754	--	14,718
Higher Education	5,890	458	\$58	6,406
Business, Transportation and Housing	192	3,547	502	4,241
Tax Relief	716	--	--	716
Local Government Subventions	40	4,193	--	4,233
Youth and Adult Corrections	3,230	16	723	3,969
Resources	799	998	311	2,108
State and Consumer Services	289	335	--	624
Other	1,903	468	6	2,377
Total	\$43,282	\$10,824	\$1,600	\$55,706

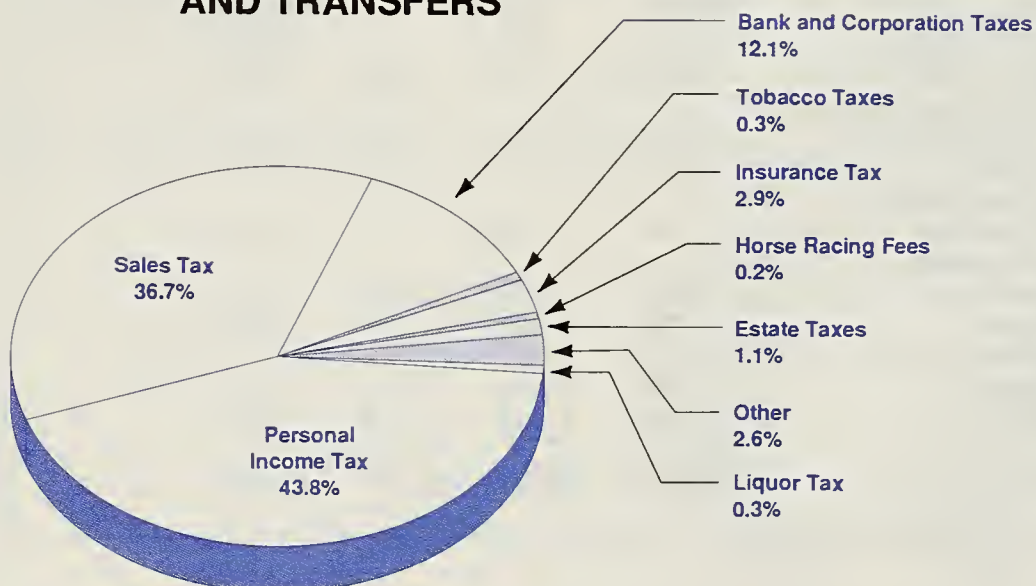
# REVENUES

## 1991-92 FISCAL YEAR

### TOTAL REVENUES AND TRANSFERS



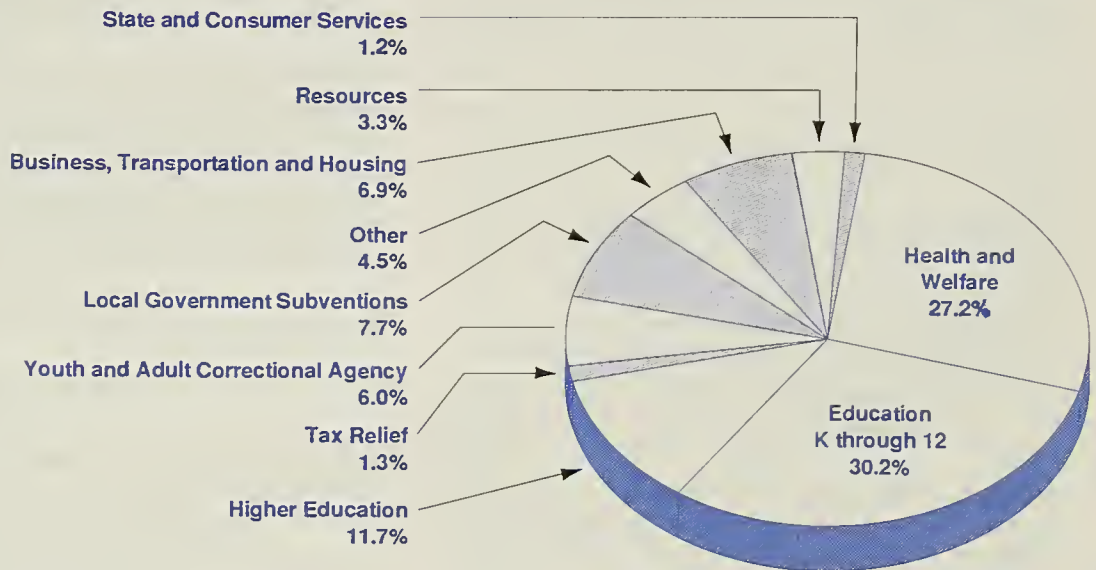
### GENERAL FUND REVENUES AND TRANSFERS



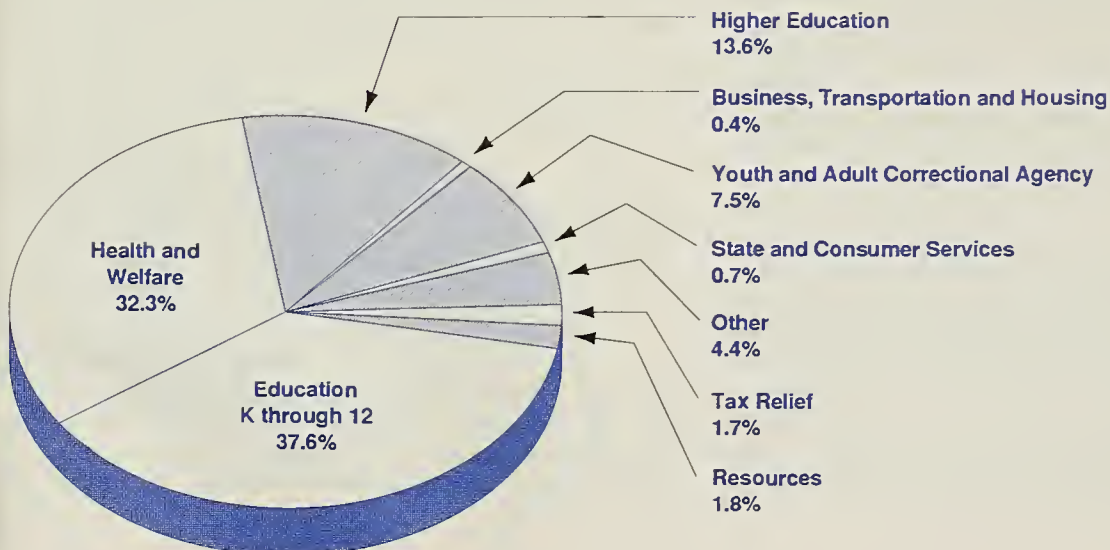
# EXPENDITURES

## 1991-92 FISCAL YEAR

### TOTAL EXPENDITURES (Excluding Selected Bond Funds)



### GENERAL FUND EXPENDITURES



THE HISTORY OF THE  
CITY OF BOSTON





# Economic Outlook

**A**s we enter 1991, the state of our economy over the next 18 months is expected to be volatile and difficult to predict.

The national economic situation has weakened steadily over the past year, and it now appears that a recession began mid-1990. Developments in the Persian Gulf and sharp increases in oil and gasoline prices—as well as the buildup of forces in Saudi Arabia—have heightened uncertainty. The downturn accelerated in the fourth quarter of 1990 as consumers and businesses deferred spending into 1991.

The developing business cycle has followed the typical path so far:

- Retail sales are down from 1989 levels, led by a sharp drop in new car sales.
- Housing starts have fallen to levels last seen in the 1981–82 recession.
- Industrial production is on a downtrend.
- Employment gains are shrinking, led by declines in manufacturing and construction.
- The unemployment rate is rising.

There is one significant difference from prior downturns: inflation at this point is moderate.

Consumers contributed much of the support for California's eight-year economic expansion. By the start of 1990, however, there were signs that consumer spending was slackening, especially for big ticket items. Persian Gulf developments from August on created uncertainties which were reflected in a plunge in consumer confidence. Higher oil prices, rising gasoline prices, the call up of reserves, the massive federal budget deficit and stubbornly high interest rates on installment purchases combined to reign in spending.

Layoffs have spread as industrial production has fallen. Initial claims for unemployment insurance have approached the 500,000 mark and commodity prices have eased in the face of weaker demand.

## National Forecast

The economic forecast developed for the 1991–92 Budget assumes that the recession will continue until next spring. The downturn is expected to be moderate, with only a 1 percent decline in real gross national product

from the peak quarter to the trough. Recovery is expected to get underway in the second half of 1991, and by late 1992 the economy is on a renewed expansion path.

A number of assumptions underlie the forecast:

- The Persian Gulf situation will be resolved by spring without military action.
- Oil prices will decline to the \$23–\$25 range by late 1991. Gasoline will average \$1.20 to \$1.25 per gallon at that time.
- The Federal Reserve will ease interest rates further. Mortgage rates will fall to 9 percent by summer.

Real GNP is forecast to be up 0.3 percent for 1991 and recovery in 1992 brings growth for the year up to 3.3 percent.

Declines in consumer goods purchases are widespread, particularly for cars, furniture and apparel. Car sales, for instance, are forecast at 9.1 million for 1991 compared to 9.5 million in 1990. Part of this total reflects fleet sales to auto rental firms, however, suggesting that final sales to consumers are weaker than indicated by this total.

Investment is impacted by the lower level of housing starts and business reluctance to expand capital spending given the existing uncertainties. Housing starts, which are expected to be at 1.17 million this year, will be the lowest since 1982. A return to more normal levels of homebuilding will occur when consumer confidence improves, employment and income gains accelerate, interest rates decline, and earlier overbuilding is absorbed.

Significantly, however, business inventories are not expected to magnify the recession. Inventory controls have been improved to avoid disruptive stock accumulations when sales weaken.

The nation's foreign trade balance is expected to remain at the 1990 level. The offsetting effects of a weak U.S. dollar and deteriorating business conditions for major trading partners will dampen demand for U.S. products. Import growth has slowed with the onset of recession, but not enough to bring about major improvement in net exports.

Federal government spending is forecast down in real terms, reflecting efforts to reduce the federal budget

deficit. However, the Persian Gulf situation could result in higher spending if no resolution is reached within a few months.

The slowdown in the economy will curb employment gains. Nationally, wage and salary employment is expected to rise by 0.8 percent. Declines in manufacturing and construction will be offset by a moderate gain in services. The jobless rate is forecast at 6.3 percent for 1991, with a peak of about 6½ percent. By the end of 1992 joblessness should have fallen below 6 percent.

Personal income is forecast up 5.2 percent this year. After adjusting for inflation, the gain will be only 0.7 percent, the smallest growth since 1982. Corporate profits are expected to fall by nearly 9 percent.

Inflation saw a temporary surge with higher gasoline and fuel oil prices after the Iraqi invasion of Kuwait. More recently, inflation indexes have eased to the 4½ to 5 percent range—the forecast for the consumer price index for 1991 is 5 percent. This is still above the level sought by the Federal Reserve, suggesting that interest rates will be raised after the economy is firmly on the recovery path.

**Alternative Forecasts.** A turning point in the economy complicates forecasting. There is no sure way of estimating how deep and how long the current downturn will be. The moderate slowdown reflected in the Standard Forecast represents a midpoint in the range of outside economic forecasts. Actual events could fall either side. Given the high degree of uncertainty which currently exists, business and consumer decisions cannot be forecast with pinpoint accuracy. Two alternative forecasts were developed to cover the reasonable range of economic activity.

**Optimistic Forecast.** The optimistic forecast captures the very real possibility that the recession may not

be as prolonged as expected. An early resolution to the Persian Gulf crisis, falling oil prices and declining interest rates will restore business and consumer confidence and lead to an upturn in consumption and investment. Recovery has always been difficult to forecast during the steepest part of the downturn and has often been underestimated. It is possible for growth to rebound rapidly from the low point of activity.

This scenario assumes that the fourth quarter 1990 slide was only a temporary pause, similar to that which occurred in 1986, and that growth will resume at a moderate pace at the start of 1991. Real GNP rises by 1.3 percent in 1991. Employers rebuild payrolls after the start of the year. Personal income is up 6.4 percent, and corporate profits are off only 1.3 percent.

**Pessimistic Forecast.** A lower alternative was also prepared, to capture the downside possibility. This reflects an extended recession lasting into the fall of 1991. Real GNP would fall by nearly 3 percent from peak to trough. Employment would be essentially flat for the year overall. Personal income would rise by less than 4 percent. Corporate profits would decline 22 percent.

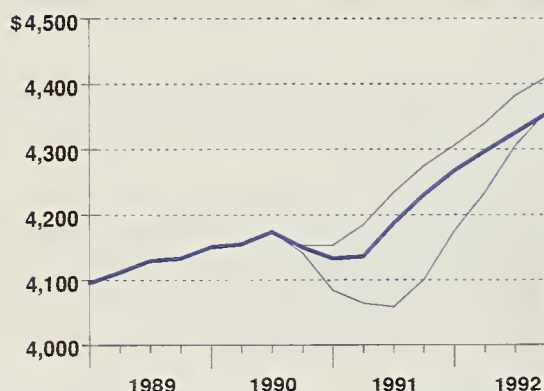
Alternative forecasts of real GNP are shown in Figure 3-A.

## California Economic Forecast

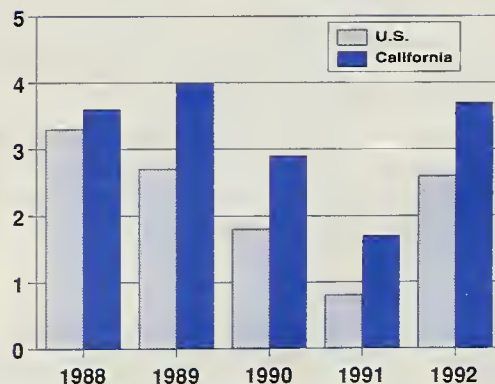
The national downturn in economic activity is being felt in California. Although the state continues to outperform the nation by most measures, the summer months witnessed a gradual slowing of activity, followed by a sharper dropoff toward the end of last year.

That California is affected by the national economic situation is quite normal. The state accounts for more than 13 percent of the nation's output and the compo-

**Figure 3-A**  
**Alternative Forecasts of Real GNP**  
(Dollars in Billions)



**Figure 3-B**  
**Growth in Nonagricultural Wage and Salary Employment**  
(Percent Change)





sition of the state's economy in many respects mirrors the U.S. as a whole. California consumers are much the same as most other Americans in their spending patterns and attitudes. In the business sector, California also shares with most other areas an excess supply of commercial office, hotel and retail space, although the state avoided the massive overbuilding evident in some parts of the Southwest.

However, even during this period of economic weakness, it appears that California will maintain its traditional performance margin over the nation as a whole. Specifically:

- Employment gains, while slowing from the 3½ to 4 percent pace of recent years, will continue to be above the national average. This is illustrated in Figure 3-B. Following 1990's near 3 percent gain, non-agricultural wage and salary employment is expected to increase a little over 1½ percent this year and resume a more normal 3¾ percent growth in 1992.
- Reflecting California's faster population growth, the jobless rate may be somewhat higher than the national average during 1991 and 1992. However, given the volatility of the state jobless rate, the late 1990 surge in unemployment (to 6.7 percent in November) may somewhat overstate the situation, and unemployment should settle into the mid-6 percent range for much of this year, before dropping below 6 percent again in 1992.
- Personal income growth is expected to slow to 6.3 percent in 1991, from almost 7½ percent in 1990, but still about a percentage point more than the expected gain in U.S. income (see Figure 3-C). Growth in 1992 at a little more than 7½ percent is also close to a percentage point higher than the U.S. average.

- For the first time since 1960, the current downturn in economic activity is occurring without a sustained rise in the rate of inflation. Even last year's spike in gasoline prices added only a modest ½ percentage point to consumer prices. In California, consumer prices, after increasing 5½ percent in 1990, are expected to rise 5 percent in 1991 and only 4 percent in 1992. Average per worker wage increases are forecast to remain near last year's 4.3 percent gain during both 1991 and 1992.

Housing and aerospace manufacturing are two sectors which may be an extra drag on the state's economy over the next year or two. Aerospace is being affected by the cutbacks in Department of Defense procurement budgets and by the competitive situation in the commercial aircraft market. Aerospace, which includes aircraft, missiles and space vehicles and navigation and detection instruments, has not been a contributor to the state's economic growth since the mid-1980s. Defense contract awards peaked in 1985, and the subsequent downturn in manufacturing activity first became evident in 1987. Strength in the commercial sector sheltered aircraft manufacturers from the full effects of the defense cutbacks until early last year. But the need to reduce costs in this competitive industry has been reflected in a declining trend of aircraft manufacturing employment since the middle of 1990.

**Jobs.** Although defense procurement cuts are likely to continue for the foreseeable future, the state is probably now feeling the maximum impact on employment and payrolls. This is because most major employers are taking steps early to reduce overhead costs, often by trimming management staffs which in the past has occurred only after production work forces have been slashed. The forecast assumes a 5 percent drop in

Figure 3-C

Growth in Personal Income  
(Percent Change)

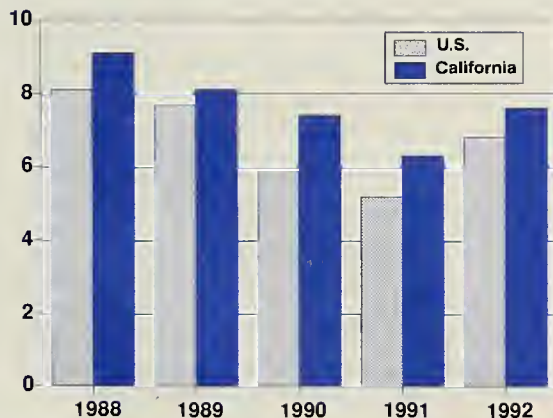
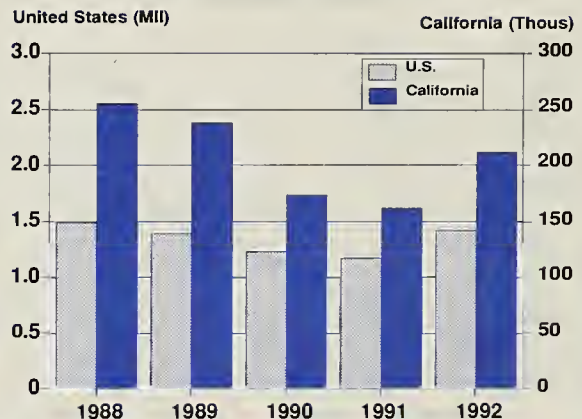


Figure 3-D

New Housing Units



aerospace jobs in 1991, about the same as last year, with the job loss pared to about 2 percent in 1992.

While it is tempting to compare the current situation to the severe cutbacks that occurred in the late 1960s and early 1970s, which resulted in a sustained period of below average growth in California, there are several key differences. Aerospace, and the defense portion in particular, is about half as important to the state's overall economy as it was in the mid-1960s. The commercial sector, while needing to become more efficient, has huge order backlogs and should provide a solid base for the aircraft industry for many years to come. Finally, the Vietnam related defense cuts were also associated with the winding down of the Apollo space program. In contrast, space spending will continue to rise modestly in the 1990s.

**Housing.** Housing is the other area of concern, mainly because the sector had performed so well for such an extended period of time in the 1980s. Nationally, homebuilding has been in a slide since the middle of 1987. California, in contrast, enjoyed six consecutive years of 200,000 plus unit production from 1984 through 1989, accounting for 15 to 17½ percent of the nation's housing output during that period (see Figure 3-D).

The drop in homebuilding activity occurred quite suddenly last year, falling from more than a 200,000 unit pace in February to an annual rate of only 115,000 units in October. Although there is some scattered evidence of excess supply of houses, overbuilding is not a major problem in most areas of the state. The combination of lower interest rates and more moderate house prices should produce the beginnings of recovery by this spring. Nonetheless, the large and sudden drop in permit volume will result in substantial cuts in construction employment in 1991. Also affected are lumber,

furniture and stone, clay and glass manufacturing and the real estate segment of the financial services sector.

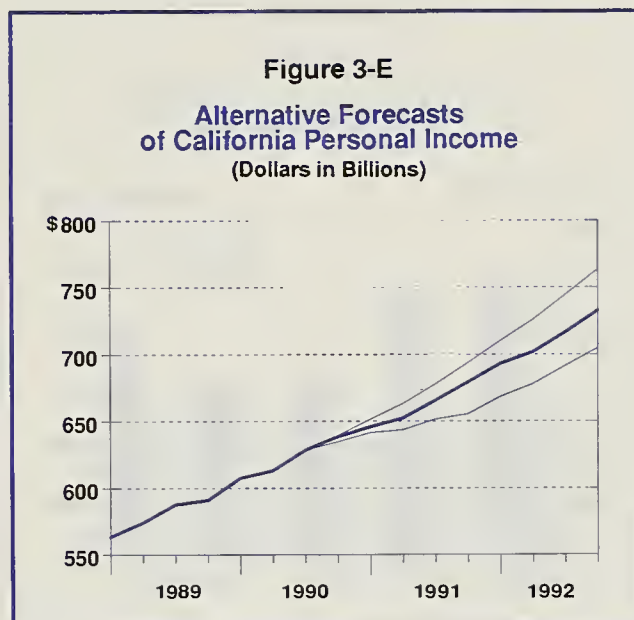
Continued gains in services, and by 1992, recovery in electronics manufacturing and wholesale and retail trade, are expected to partially offset the weakness in aerospace and construction, allowing the state's economy to continue to outpace the nation over the next two years.

**Alternative Forecasts.** The high and low alternative forecasts incorporate the more optimistic and pessimistic U.S. alternatives, but in addition take into account differing assumptions regarding California's performance relative to the rest of the nation.

The high alternative assumes that California widens its growth advantage over the rest of the nation. The downturn in California is milder than in the nation, and the recovery more vigorous. Electronics and services lead the upturn, and homebuilding rebounds quickly as population growth eliminates inventories of unsold houses and vacant apartments. Employment gains slow only slightly to 2.5 percent in 1991, while personal income grows almost 8 percent this year, in line with recent experience.

The low alternative attempts to capture the concerns, expressed by some, that California's recession may be deeper than the national experience. Both aerospace and electronics manufacturing are weaker and the housing slump is more prolonged and deeper. Services employment is also affected to a greater degree. Personal income growth this year is only 4.4 percent, almost two percentage points less than in the standard forecast.

Figure 3-E shows growth in California personal income under the different scenarios.





**Table 3-1**  
**Selected Economic Data, 1990 to 1992**  
**(Dollars in Billions)**

		1991		1992	
	1990 (Estimated)	Amount	Percent Change	Amount	Percent Change
STANDARD FORECAST					
UNITED STATES					
Real gross national product (1982\$) .....	\$4,157.4	\$4,171.7	0.3	\$4,310.9	3.3
Personal consumption expenditures.....	2,688.5	2,729.7	1.5	2,809.4	2.9
Gross private domestic investment.....	696.6	667.4	-4.2	721.7	8.1
Net exports .....	-45.4	-45.7	-	-43.9	-
Government purchases of goods and services.....	817.6	820.3	0.3	823.7	0.4
GNP Deflator (1982=100) .....	131.5	136.5	3.8	141.2	3.4
GNP (current \$) .....	\$5,467.8	\$5,696.1	4.2	\$6,085.4	6.8
Personal income .....	\$4,644.6	\$4,887.2	5.2	\$5,220.1	6.8
Corporate profits before taxes .....	\$306.6	\$279.9	-8.7	\$327.1	16.9
Wage and salary employment (thousands) .....	110,410	111,340	0.8	114,250	2.6
Unemployment rate (%) .....	5.5	6.3	-	6.0	-
Housing starts (millions) .....	1.23	1.17	-4.8	1.42	21.3
New car sales (millions) .....	9.5	9.1	-4.6	9.8	8.3
Consumer price index (1982-84=100) .....	130.7	137.2	5.0	142.3	3.7
CALIFORNIA					
Civilian labor force (thousands).....	14,694	14,987	2.0	15,365	2.5
Civilian employment (thousands) .....	13,887	14,056	1.2	14,504	3.2
Unemployment (thousands) .....	807	931	15.4	861	-7.5
Unemployment rate (%) .....	5.5	6.2	-	5.6	-
Wage and salary employment (thousands) .....	12,957	13,174	1.7	13,663	3.7
Personal income .....	\$621.9	\$660.8	6.3	\$711.1	7.6
Housing units authorized (thousands) .....	174	162	-6.7	212	30.7
Corporate profits before taxes .....	50.8	53.0	4.4	57.3	8.1
New auto registrations (thousands) .....	1,400	1,414	1.0	1,585	12.1
Total taxable sales .....	283.0	300.7	6.3	326.3	8.5
Consumer price index (1982-84=100) .....	135.0	141.8	5.0	147.4	4.0
LOW ALTERNATIVE					
UNITED STATES					
Real gross national product (1982\$) .....	\$4,155.2	\$4,077.0	-1.9	\$4,267.7	4.7
Personal income .....	\$4,643.2	\$4,818.2	3.8	\$5,100.1	5.9
Corporate profits before taxes .....	\$309.3	\$240.8	-22.1	\$304.1	26.3
Wage and salary employment (thousands) .....	110,390	110,260	-0.1	113,250	2.7
Unemployment rate (%) .....	5.5	6.9	-	6.6	-
Housing starts (millions) .....	1.22	1.03	-15.8	1.37	33.0
New car sales (millions) .....	9.4	7.5	-20.7	8.9	19.3
CALIFORNIA					
Wage and salary employment (thousands) .....	12,951	12,952	0.0	13,353	3.1
Unemployment rate (%) .....	5.5	7.3	-	7.2	-
Personal income .....	\$620.9	\$648.0	4.4	\$685.5	5.8
Housing units authorized (thousands) .....	170	107	-36.9	151	40.6
HIGH ALTERNATIVE					
UNITED STATES					
Real gross national product (1982\$) .....	\$4,158.1	\$4,211.7	1.3	\$4,359.5	3.5
Personal income.....	\$4645.1	\$4,944.2	6.4	\$5,355.1	8.3
Corporate profits before taxes .....	\$307.1	\$303.0	-1.3	\$342.4	13.0
Wage and salary employment (thousands) .....	110,420	112,350	1.8	115,930	3.2
Unemployment rate (%) .....	5.5	5.7	-	5.3	-
Housing starts (millions) .....	1.23	1.31	6.1	1.46	11.7
New car sales (millions) .....	9.6	10.6	10.5	11.4	7.1
CALIFORNIA					
Wage and salary employment (thousands) .....	12,958	13,288	2.5	13,865	4.3
Unemployment rate (%) .....	5.5	5.8	-	5.0	-
Personal income .....	\$622.1	\$671.6	7.9	\$736.1	9.6
Housing units authorized (thousands) .....	176	176	-0.5	240	36.6

Note: Percentage changes calculated from unrounded data.



# Revenue Estimates

**G**eneral Fund revenues over the next 18 months are extremely difficult to project at this time. These revenues have experienced unusual volatility during the past four years due to a variety of factors. The Federal Tax Reform Act of 1986, the state's federal conformity legislation in 1987, the stock market crash of 1987, recent scandals relating to financial institutions and the stock market, have all resulted in shifts in taxpayer behavior causing unexpected changes in the income taxes. Now the economic decline brings further complexity to the job of trying to predict the state's revenues.

As always, one area of great uncertainty in the revenue forecast is the capital gains income component. Given that both stock and real estate prices and activity have been weak recently, and high yield bonds and leveraged buyouts have dramatically declined, we do not see any strength in this area. Among other forecasters, there are those who see substantially greater gains and those who see substantially greater losses. To place these differences in perspective, the order of magnitude of the capital gains income assumptions of these forecasts over the two years could impact collections by plus or minus \$1 billion.

Economic factors also have a significant impact on the forecast. While there is general agreement that the economy is currently in a recession, the depth and duration are subject to much debate. The economic forecast which is the basis of the revenue forecast predicts a recession that is "mild" in depth and "average" in duration. Over the two years, changes in the economy could add or subtract up to \$2 billion in revenues.

This revenue forecast was developed after thorough evaluation of the range of economic and revenue possibilities that may emerge over the next eighteen months. Although there is substantial uncertainty as we approach 1991-92, we have anticipated specific areas which could contribute to an optimistic forecast. These include an early resolution of the Persian Gulf situation, improvement in consumer confidence, or a less severe or shorter economic slowdown. It should be recognized, however that should these events not occur lower revenues of a billion dollars or more may result. (see Schedule 8)

During the next few months we will be monitoring these areas very closely, and will provide an updated forecast at the time of the Spring Revision. By then the final payment for the 1990 personal income tax year and the first estimated payment for 1991 for both the individual income tax and the corporate franchise tax will have been received, and another six months of economic data will be available.

The revenue forecast includes a number of proposals. An outline of the major items are contained in Table 4-1. The state revenue changes are generally one time in nature or are designed to improve tax compliance. These tax changes are necessary to support the Administration's initiatives. No rate changes in personal income or sales tax are proposed in the 1991-92 Budget.

Overall, General Fund revenues and transfers, which represent about 80 percent of total revenues, will amount to \$40.4 billion in the current fiscal year and \$43.1 billion, or 6.7 percent more in the budget year before adjustments. Taking into account the changes proposed in Table 4-1 and the changes in California's accounting system discussed later in this Section, along with other minor changes, results in a final revenue estimate of \$45.8 billion, an increase of 13.2 percent. Special funds are expected to be \$9 billion and \$11.3 billion, respectively, for the two fiscal years.

## General Fund

### Personal Income Tax—\$19,334,000,000

The California personal income tax, which contributes over 40 percent of all General Fund revenues, is closely modeled after the federal income tax law. It is imposed on net taxable income, that is, gross income less exclusions and deductions. The tax is progressive with rates ranging from 1 to 9.3 percent. Personal, dependent and other credits are allowed against the gross tax liability.

In addition, taxpayers may be subject to an alternative minimum tax (AMT) which is much like the federal AMT. This is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below some minimum level. The AMT is equal to 7 percent of the alternative minimum taxable income that exceeds an exemption amount.



**Table 4-1**  
**Major Revenue Proposals Included in the 1991-92 Forecast**  
**(Dollars in Millions)**

Proposal	Fiscal Impact		
	State	Local	Total
<i>Rate Increase for Local Government</i>			
1. Revise the vehicle license fee depreciation schedule .....	\$12	\$769	\$781
2. Increase the alcoholic beverage tax rates to the national average. ....	17	173	190
<i>Compliance (Generally, one-time revenues)</i>			
1. Require withholding for independent contractors (but not direct sellers) ...	290	0	290
2. Increase withholding on lump sum payments to individuals from 3 percent to 6 percent .....	80	0	80
3. Extend withholding to estates and trusts .....	42	0	42
<i>Tax Equity</i>			
1. Eliminate the sales tax exemption for candy and snack foods .....	200	70	270
2. Eliminate the sales tax exemption for newspapers and periodicals .....	83	31	114
Total .....	\$724	\$1,043	\$1,767

The personal income tax is adjusted annually by the change in the consumer price index to prevent taxpayers from being pushed into higher tax brackets without a real increase in income.

Legislation enacted in 1987, restructured the state's personal income tax to closely conform with federal law,

thus simplifying state tax return preparation. The full impact of that legislation is just beginning to be felt since many of the provisions were phased in over time.

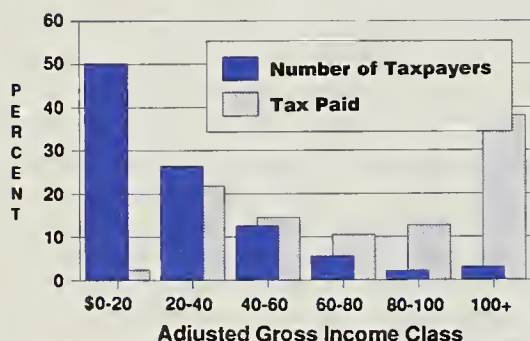
Among the states in 1987-88 California ranked 19th highest in personal income taxes collected per \$1,000 of personal income. This is partially a function of the relatively larger proportion of high income persons in the state, as well as the progressivity of California's tax. Some studies have concluded that California's personal income tax is the most progressive in the nation.

The difficulty of forecasting personal income tax receipts is enhanced by the progressive nature of the tax. One dollar of income on a high income tax return can generate 9.3 times more revenue than a dollar on a low income tax return. In addition, very high income taxpayers usually have a great deal of discretion over the realization of income and the timing of deductions.

Thus, substantial changes in the portfolios or tax planning of relatively few taxpayers can have a dramatic impact on state revenues. In 1988, for example, the top three percent of state taxpayers, those with adjusted gross incomes of over \$100,000, paid 47 percent of the personal income tax. This is demonstrated in Figure 4-A which shows the percent of total returns and tax paid by adjusted gross income class.

Personal income tax revenue forecasting has also been greatly complicated by federal and state tax reform which made capital gains fully taxable. Capital gains have always been an extremely volatile revenue source; holders of capital assets are predominantly high income persons, subject to the maximum tax rate, who can time the realization of gains and, hence, the payment of tax, to their own advantage. Year-to-year growth rates in capital gains over the ten year period prior to tax reform have ranged from a positive sixty-one percent to a negative four percent. Realization of gains has been even more erratic since tax reform eliminated the exclusion previously allowed capital gains. Sales of capital assets were up nearly 67 percent in 1986 and down over 55 percent in 1987. Now, due to the full taxation of gains and the rapid appreciation of assets in recent years, capital gains have become a much larger proportion of the personal income tax base. Thus, sales of capital assets have been a significant contributor to the fluctu-

**Figure 4-A**  
**Percent of Total Taxpayers and Total Tax**  
**by Adjusted Gross Income Class**  
**1988 Data**  
**(Dollars in Thousands)**



ations of personal income tax revenue over the last few years and will contribute to increased volatility in the future.

The income component of the economic forecast forms the basis for the personal income tax forecast. Capital gains income, which is not part of the national income accounts, is forecast separately using real economic activity and stock market trends. Real estate activity in the state is also used as a guide. The historical trend in capital gains has been greatly distorted in recent years by the adoption of national and state tax reform, as well as subsequent proposals for federal tax changes. Capital gains realizations surged in 1986, before preferential federal tax treatment expired, dropped dramatically in 1987, and recovered somewhat in 1988. Gains in 1989 appear to have been slightly below year-earlier levels despite strong stock and real estate markets. This weak showing may have been attributable to taxpayer reluctance to sell when the federal government was considering more preferential future tax treatment.

Significant cuts in federal capital gains tax rates no longer appear likely in the near term. Such preferences were considered, but not adopted, in the federal deficit reduction bill enacted late in 1990. Hence, the incentive for investors to "lock-in" and delay realizations is reduced. This should be a positive factor for both 1990 and 1991. However, the current negative economic conditions are expected to more than offset the boost from deferred sales in 1990. The forecast assumes gains were down six percent in 1990 and will show no growth in 1991 before rebounding 25 percent in 1992.

Overall personal income tax revenues in 1991–92 are expected to increase 9.7 percent from the current year levels. This includes both chaptered and proposed legislation. Adjustments in the former category include the following:

- Establish a program for the withholding of personal income tax on real estate transactions in which the seller is a nonresident. This is expected to add \$43 million to the current year and \$58 million in 1991–92.
- Conform the state income tax with recent changes in the federal tax code, resulting in \$36 million in additional revenue in 1990–91 and \$30.5 million in the budget year.
- Extend the state's low-income housing credit program if the comparable federal credit was continued. Extension of the federal credit was included in the federal Omnibus Reconciliation Act of 1990, thus reducing the current year revenues by \$5.5 million and the budget year estimate by \$11 million.

Also included in the forecast are the Governor's revenue proposals for improving the state's revenue performance:

- Delay implementation of a personal income and bank and corporation tax credit for small employers who provide health insurance for their employees. This

credit is scheduled to go into effect beginning with the 1992 tax year. The personal income tax revenue loss from the credit is expected to be \$42 million in the budget year, due to reduced estimated payments from small employers. However, the 1991–92 Budget proposes delaying the effective date for the small employer health insurance credit until January 1, 1993. The forecast was therefore not reduced for the expected \$42 million loss in the budget year. The administration will review proposals for a more comprehensive health insurance program to coincide with the implementation of these credits.

- Employees are presently subject to personal income tax withholding on wages earned. Taxpayers may also be required to make estimated payments to cover their personal income tax liability on other, nonwage income. However, California does not presently require estimated payments from estates and trusts. The Governor's Budget proposes extending the requirement for estimated payments to estates and trusts, thus increasing budget year revenues by \$42 million.
- Currently, lump sum wage payments, such as overtime pay and bonuses, are subject to withholding at a flat three percent rate. In order to bring that closer to the actual liability on such earnings, the 1991–92 Budget proposes adopting a six percent rate beginning January 1, 1992. This is expected to increase revenues by \$80 million in the budget year.
- Also reflected in the forecast is a proposal to impose withholding on independent contractors, other than direct sellers. This is expected to increase personal income tax compliance as well as accelerate the flow of taxes to the state, resulting in an additional \$290 million in 1991–92.
- As discussed in "California's Fiscal Challenges", the Governor's Budget proposes to revise the state's method of accounting to bring the state in line with changes suggested by the Governmental Accounting Standards Board. This increased the budget year forecast by \$270 million.

Forecast revenues for the current and budget years, compared with actual collections in 1989–90, are:

(Dollars in Millions)	
1989–90 (Actual)	\$16,902
1990–91 (Forecast)	17,620
1991–92 (Forecast)	19,334 *

\* See Schedule 8

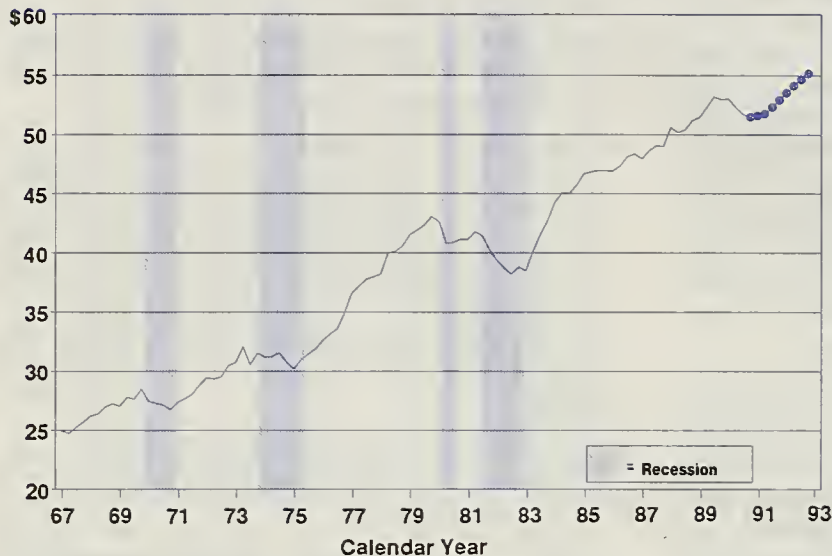
### **Sales Tax—\$16,280,000,000.**

The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas, electricity and water, thereby making the tax rela-



**Figure 4-B**

**Taxable Sales in California**  
(Constant 1982 Dollars in Billions)



Estimate begins fourth quarter 1990

The breakdown of the 6 percent rate currently imposed is:

- 4.75 percent represents the state tax rate;
- 1 percent is for cities and counties;
- 0.25 percent is for county transit systems.

An additional local transactions (sales) and use tax rate is levied by various transit districts for the support of public transit systems. There has also been a move over recent years for counties, subject to voter approval, to impose this tax as a means to provide additional funds, particularly for transportation, but also for other purposes. This tax is authorized to be imposed in increments of .25 percent, with a 1 percent combined rate maximum for any county and is authorized for either general or special purpose use. In addition, the 1991-92 Budget proposes to increase this limit to 1.50 percent, provided that the additional .25 or .50 tax is for the specific purpose of financing local drug and crime prevention and enforcement activities.

tively progressive. In addition, other exemptions provide relief for a variety of sales ranging from candy to aircraft.

As of the November 1990 election, 21 counties were authorized to impose local transactions and use tax rates as noted in Table 4-2.

**Table 4-2**  
**Counties Authorized to Impose Additional Local Sales Tax Rates**

<i>County</i>	<i>Combined State and Local Rate (Percent)</i>	<i>County</i>	<i>Combined State and Local Rate (Percent)</i>
Alameda	7.0	San Benito	6.5
Contra Costa	7.0	San Bernardino	6.5
Fresno	6.5	San Diego	7.0
Imperial	6.5	San Francisco	7.0
Inyo	6.5	San Joaquin	6.5
Los Angeles	7.0	San Mateo	7.0
Madera	6.5	Santa Barbara	6.5
Monterey	6.5	Santa Clara	7.0
Orange	6.5	Santa Cruz	7.0
Riverside	6.5	Sonoma	6.25
Sacramento	6.5		

\* As of April 1, 1991

The sales and use tax forecast is prepared by relating taxable sales by type of sale to various economic factors such as disposable personal income, housing starts, employment and inflation. A summary of the forecast is presented in Table 4-3.

Taxable sales began to show signs of the softer economy during the second quarter of calendar year 1990, increasing only 4.1 percent on a year-over-year basis. Of particular significance were motor vehicle sales, which declined 3.4 percent, building materials sales, which increased only 0.1 percent, and service station sales, which declined 3.5 percent. Combined, these three components represent one-third of the total sales tax base.

**Table 4-3**  
**Taxable Sales in California**  
**(Dollars in Millions)**

	<i>1989 Actual</i>	<i>1990 Forecast</i>	<i>1991 Forecast</i>	<i>1992 Forecast</i>
Motor vehicle dealers, auto repairs and parts, etc.....	\$44,119	\$43,240	\$44,230	\$48,780
Percent change.....	6.5%	-2.0%	2.3%	10.3%
Producers and refiners of petroleum, service stations, etc.....	\$17,419	\$18,480	\$20,820	\$20,660
Percent change.....	10.2%	6.1%	12.7%	-0.8%
Building materials including contractors.....	\$28,831	\$28,690	\$28,800	\$31,820
Percent change.....	10.5%	-0.5%	0.4%	10.5%
Manufacturing and services.....	\$51,437	\$55,200	\$57,840	\$62,610
Percent change.....	7.3%	7.3%	4.8%	8.2%
All other retail stores.....	\$130,280	\$137,430	\$144,580	\$156,010
Percent change.....	8.7%	5.5%	5.2%	7.9%
Total Taxable Sales.....	\$272,086	\$283,040	\$296,270	\$319,880
Percent change.....	8.4%	4.0%	4.7%	8.0%
Proposed Tax Equity Changes * .....	-	-	\$4,470	\$6,430
Adjusted Total Taxable Sales.....	\$272,086	\$283,040	\$300,740	\$326,310
Percent change.....	8.4%	4.0%	6.3%	8.5%

\* The Budget includes a proposal to eliminate the sales and use tax exemptions for candy, snack foods, newspapers and periodicals effective April 1, 1991.

Unfortunately, taxable sales by component were not available for the third quarter 1990 at the time the forecast was prepared. However, based on daily cash receipts, third quarter sales increased only 2 percent from the prior year—similar to the growth experienced at the beginning of the 1982 recession. Figure 4-B clearly illustrates this weakness, where taxable sales growth in constant dollars for the third quarter declined 2.8 percent on a year-over-year basis. The forecast assumes that this weakness will continue through the first quarter 1991.

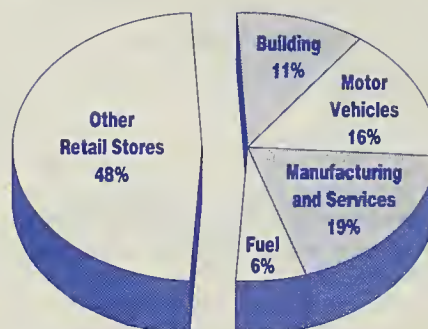
Surprisingly, the Persian Gulf crisis and subsequent increase in fuel prices, has not had a very significant impact on the total taxable sales estimate, largely because this component represents only 6 percent of the total tax base (see figure 4-C).

The Transportation Planning and Development Account (TP&D), however, is significantly impacted by higher fuel prices as a result of the spillover calculation, which is driven not only by gasoline sales, but also by the weaker outlook for all other taxable sales. This calculation is based on a formula which determines whether the sales tax, at 4.75 percent of all items including gasoline, generates more revenue to the General Fund than the prior tax law which taxed all items, excluding gasoline,

at 5 percent. If more revenue is generated, that amount is transferred from the Retail Sales Tax Fund to the TP&D Account. This calculation is very sensitive to price. An

**Figure 4-C**

**1989 Taxable Sales  
by Major Component**





increase of only one cent in the price of gasoline, can result in an additional TP&D transfer of approximately \$6 million.

The forecast assumes that fuel prices will peak by the end of the 1990–91 fiscal year, increasing by 32 percent during that period. Prices during 1991–92 are expected to ease, declining 6 percent. Obviously, these assumptions could change dramatically depending on the outcome of the Persian Gulf situation.

Current law additionally specifies that all state revenues from the sales tax on diesel fuel sales, as well as the state revenues from the sales tax on the recently enacted excise tax increase (Proposition 111), be transferred to the TP&D Account. The combined transfer to the Account during 1990–91 is estimated to be \$114.7 million, increasing to \$182.8 million during 1991–92.

The Supreme Court recently ruled that direct overhead items purchased under U.S. government cost reimbursement contracts are not taxable. As a result, the Board of Equalization estimates that approximately \$130 million in state and local revenue, including interest, will be refunded during the current year. The annual ongoing state and local loss is estimated to be approximately \$30 million. The Budget estimate has been reduced by \$113 million during the current year and \$22 million during the budget year to reflect this decision.

The Budget estimate includes a proposal to provide greater equity in the sales tax base by eliminating the exemptions for candy, snack foods, newspapers and periodicals. Eliminating these exemptions, effective April 1, 1991, is estimated to increase General Fund revenues by \$59 million in the current year and \$283 million in the budget year. Local governments will also realize a revenue gain from this proposal.

In addition, the Governor's Budget reflects a revision in the state's method of accounting to bring the state in line with changes suggested by the Governmental Accounting Standards Board. Although this change results in an increase in the budget year estimate of \$1.2 billion dollars (which is partially offset by increased liabilities in expenditures) it does not reflect increased sales activity in the California economy. This revision is discussed more fully in "California's Fiscal Challenges."

Forecast revenues for the current and budget years, compared to actual collections in 1989–90, are:

(Dollars in Millions)	
1989–90 (Actual)	\$13,473
1990–91 (Forecast)	13,830
1991–92 (Forecast)	16,280 *

\* See Schedule 8

### **Bank and Corporation Tax—\$5,535,000,000**

Bank and corporation tax revenues are actually derived from four taxes:

- The franchise tax and the corporate income tax are levied at a 9.3 percent rate on profits. The former is imposed on corporations for the privilege of doing business in California, while the latter is imposed on corporations which do not do business in the state but which derive income from California sources. These are primarily firms engaged wholly in interstate commerce and holding companies.
- Banks and other financial corporations pay an additional tax (i.e., "Bank Tax") on their net income. This tax is in lieu of all state and local taxes except those on real property, motor vehicles and business licenses. The current rate for this tax is 1.44 percent.
- The alternate minimum tax is similar to that in federal law. This tax is imposed at a rate of 7 percent beginning with the 1988 tax year. In prior years, California imposed a tax on preference income.
- A minimum franchise tax of \$800 is imposed on corporations subject to the franchise tax but not those subject to the income tax.

Since the tax is a function of corporate profits, the relationship of California profits to the national corporate profits forecast is important. However, the relationship is not precise because business activity in California may differ from that of the nation. Further, state tax law defines profits differently than standard business accounting, and national profits, as represented by the economic forecast, are the net of all gains and losses, whereas reported taxable profits are gains only.

The preparation of the forecast involves consideration of the trend in non-corporate business income and recent actual cash experience. Non-corporate business income is available for California whereas corporate profit data are not. The forecast reflects the economic down-turn. The growth in the forecast includes the impact of legislation which added \$525 million to the current year and \$384 million to the budget year. In addition, the forecast for the budget year assumes a delay in the small employer health insurance program of one year resulting in delaying the loss of \$55 million and the adoption of accrual accounting which revises the state's method of accounting to bring us in line with changes suggested by the Governmental Accounting Standards Board. This will add \$180 million.

The forecast assumes that the fees paid into the Unitary Fund by international corporations electing to base their profits on their U.S. rather than worldwide operations will total \$25 million each in the current and the budget years. Recent court decisions raise some uncertainty about this revenue as well as the General Fund revenues.

Forecast revenues for the current and budget years, compared to actual collections in 1989–90, are:



	(Dollars in Millions)
1989-90 (Actual)	\$4,927
1990-91 (Forecast)	5,370
1991-92 (Forecast)	5,535

#### Insurance Tax—\$1,325,000,000

The majority of insurance written in this state is subject to a 2.35 percent gross premiums tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. Exceptions to the 2.35 percent rate are: certain pension and profit-sharing plans, which are taxed at the lesser rate of 0.5 percent; surplus lines pay 3 percent; and ocean marine insurers pay 5 percent of underwriting profits. For the two calendar years prior to 1991, the Board of Equalization set the gross premiums tax rate at 2.37 percent, to offset the impact of Proposition 103 on tax revenues, as required by the measure.

An annual survey conducted by the Department of Finance is used to project insurance premium growth. Responses were obtained from 275 insurance companies, accounting for over one-half of the insurance written in California. The growth rate in taxable premiums is expected to continue to be moderate, down significantly from the double-digit experience of recent years. For 1989, \$49.7 billion in taxable premiums were reported, while the results of the most recent survey indicate that taxable premiums will total \$53.1 billion in 1990 (6.8 percent over 1989) and \$56.6 billion in 1991 (a 6.6 percent increase). Figure 4-D illustrates the premiums by insurance type, from which the revenue is derived.

Forecast revenues for the current and budget years, compared to actual collections in 1989-90, are:

	(Dollars in Millions)
1989-90 (Actual)	\$1,168
1990-91 (Forecast)	1,270
1991-92 (Forecast)	1,325

#### Horse Racing Revenue—\$113,000,000

Horse racing revenue comes primarily from license fees imposed on amounts wagered by the public. The license fee revenue schedule is based upon many factors, including the amount wagered, the location of the track, the type of horse racing, the type of wager, and whether or not the wager is made on-track or at a satellite facility. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed parimutuel tickets, occupational license fees, and fines and penalties.

Racing associations and local fairs present approximately 900 days of racing annually, featuring a variety of horse breeds. The public may attend the live meets, or watch and wager at off-track facilities which receive the races televised live via satellite. Currently, 27 satellite wagering facilities are operating statewide. In addition, recently enacted legislation will allow out-of-state betting systems to be included in the betting pools of races taking place in California, with the state receiving a share of each dollar bet.

On a national basis, California ranks second, only to New York, in attendance, handle, and the amount of revenue received by the state from horse racing. For the budget year, attendance is expected to decline slightly, while the per capita wager is expected to increase slightly, resulting in the estimated growth of total wagers of 2.5 percent. Table 4-4 provides information on total parimutuel pools and the distribution by fund of receipts from horse racing.

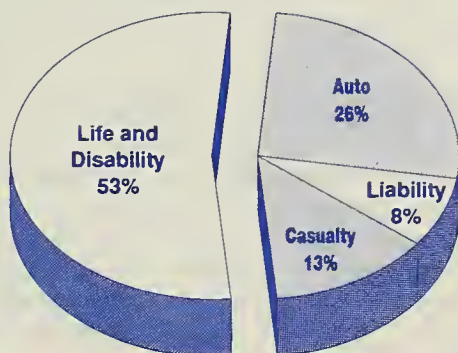
#### Estate/Inheritance/Gift Taxes—\$487,000,000

Proposition 6, an initiative measure adopted by the voters on June 8, 1982, repealed the inheritance and gift taxes and imposed an estate tax designed to pick up the maximum credit allowed against the federal estate tax, otherwise known as the "pick up tax." This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. The date of death of the decedent or the date a gift is made determines which tax laws prevail. As a result of Proposition 6, taxes from this source dropped 54 percent between fiscal years 1982-83 and 1983-84, and are projected to be 6 percent below the 1982-83 level in the budget year.

For state tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 8, 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal credit. After several years of slow decline, collections from inheritance and gift taxes are now falling off more quickly, indicating that most claims against deaths prior to June 8, 1982, have been settled. As the backlog of old

Figure 4-D

#### Insurance Premiums by Category



**Table 4-4**  
**Horse Racing Revenue**  
**(Dollars in Thousands)**

	<i>1989-90 Actual</i>	<i>1990-91 Forecast</i>	<i>1991-92 Forecast</i>
Amount Wagered:	\$2,738,275	\$3,023,871	<b>\$3,097,485</b>
Receipts:			
General Fund	107,266	111,000	<b>113,000</b>
Fair & Exposition Fund	26,474	27,492	<b>28,036</b>
Satellite Wagering Account	13,430	14,860	<b>15,328</b>
Wildlife Restoration Fund	750	750	<b>750</b>
Total	\$147,920	\$154,102	<b>\$157,114</b>

#### **Cigarette Tax—\$158,000,000.**

The excise tax imposed on distributors selling cigarettes in the state was increased from 10 to 35 cents per package, effective January 1, 1989, as a result of voter approval of Proposition 99. At the same time, an excise tax on cigars, chewing tobacco, pipe tobacco and snuff was implemented at a tax rate equivalent to the tax on cigarettes. Twenty-five cents of the tax per package of cigarettes, and all of the tax on the other tobacco products, is allocated to a special fund for distribution as determined by the measure. Ten cents of the tax per package of cigarettes is allocated 30 percent to local governments, with 70 percent going to the state's General Fund.

claims are settled, future revenues will be the result of the federal credit. See Figure 4-E which displays this trend since 1983. The "pick up tax" is computed on the basis of the federal "taxable estate" and tax rates ranging from 0.8 to 16 percent.

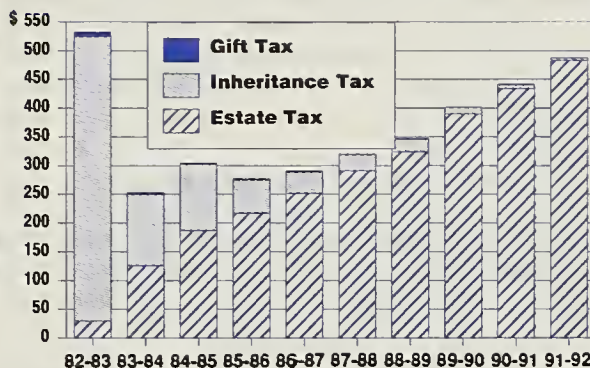
Forecast revenues for the current and budget years, compared to actual collections in 1989-90, are:

(Dollars in Millions)

1989-90 (Actual)	\$389
1990-91 (Forecast)	442
1991-92 (Forecast)	487

**Figure 4-E**

#### **Estate, Inheritance, and Gift Taxes** **(Dollars in Millions)**



Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. The cumulative effect of product price increases, the increasing restrictive environment for smokers, Proposition 99, and a recent Federal surtax will continue to significantly impact cigarette consumption. Per capita consumption had been declining at an average rate of 3 percent annually from 1983-84 through 1987-88, and then decreased rapidly with the onset of Proposition 99. During fiscal year 1989-90, per capita consumption was 125 packs, compared with 150 in 1987-88 a decrease of nearly 17 percent in only two years. The estimated increase in the smoking-age population will not offset the decline in per capita consumption in future years, resulting in declines in total consumption of approximately 5 percent in the current year and 3 percent in the budget year.

Wholesale price data provide the basis for the revenue estimate for other tobacco products. It is estimated that declines in total consumption of other tobacco products will be similar to the projections made for cigarettes.

Cigarette and tobacco tax revenues from 1982-83 through 1991-92, including the impact of the constitutional amendment, are illustrated in Figure 4-F. Tobacco products tax revenue estimates are shown in Table 4-5. Also, the Governor's Budget proposes to revise the state's method of accounting to bring the state in line with changes suggested by the Governmental Accounting Standards Board. The budget year forecast for General Fund Revenues has been increased by \$15 million to reflect this change, \$6 million was added to the Cigarette Fund, and the Tobacco Surtax Fund was raised by \$47 million.



## Alcoholic Beverage Taxes—\$135,000,000

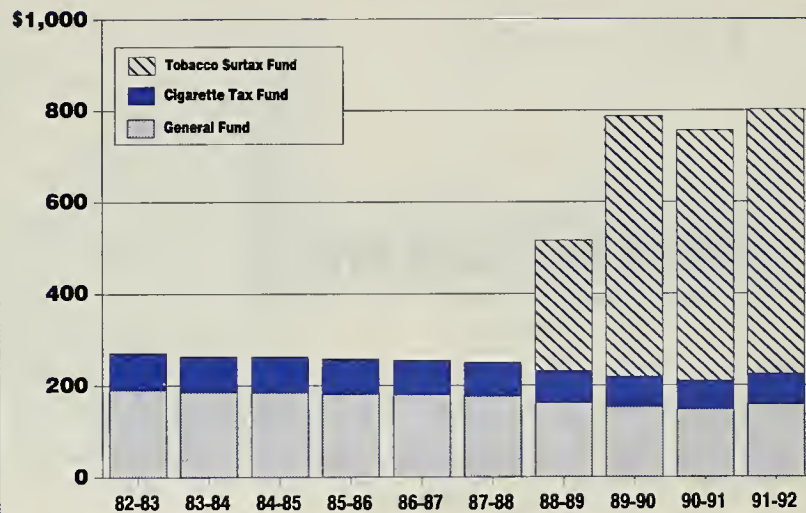
Taxes on alcoholic beverages are levied on the sale of beer, wine and distilled spirits. The rates vary with the type of alcoholic beverage.

Alcoholic beverages tax estimates are based on projections of total and per capita consumption for each type of beverage. Changes in total consumption of alcoholic beverages reflect different trends for beer, wine and distilled spirits. Total consumption of wine continued to grow through the mid-1980's, until changes in consumer behavior began to affect consumption, resulting in erratic shifts in consumption. Total consumption of beer has been relatively flat, with increases in the drinking age population offsetting any declines in per capita consumption. In spite of population increases, distilled spirits consumption has been steadily declining since 1984. Total and per capita consumption of wine and distilled spirits are expected to

Figure 4-F

### Cigarette and Tobacco Tax Revenue

(Dollars in Millions)



The Cigarette and Tobacco Products Surtax became operative January 1, 1989.

Table 4-5

### Tobacco Products Tax Revenue

(Dollars in Thousands)

	1989-90 Actual	1990-91 Forecast	1991-92 Forecast
General Fund	\$152,857	\$147,300	<b>\$158,000</b>
Cigarette Fund	64,639	62,000	<b>66,000</b>
Tobacco Surtax	569,580	547,000	<b>578,000</b>
Total	\$787,076	\$756,300	<b>\$802,000</b>

Table 4-6

### Comparison of Current and Proposed Tax Rates

Source	Current	Proposed
Beer	\$0.04	\$0.20
Dry Wine	0.01	0.20
Sweet Wine	0.02	0.20
Sparkling Wine	0.30	0.30
Distilled Spirits	2.00	3.30

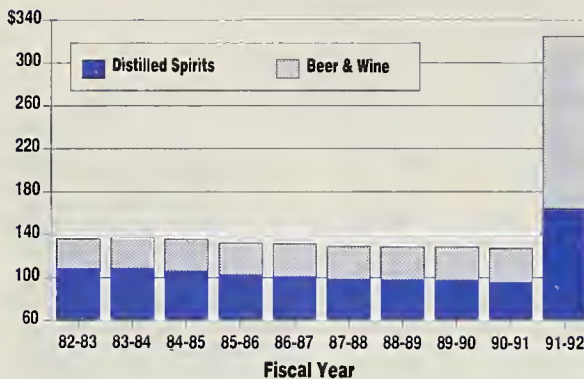
continue declining, while total consumption of beer should post minor increases through the budget year.

Although the recent federal legislation to increase alcohol excise taxes will accelerate the decline in per capita consumption, the forecast reflects the adoption of accrual accounting, which brings the state in line with changes suggested by the Governmental Accounting Standards Board. This change added \$11 million to the 1991-92 estimate. The forecast also incorporates the effects of proposed legislation which would raise taxes on alcohol beginning July 1, 1991. The additional revenues would be used to provide a funding source for realignment of state and local program responsibilities, as described in the Health and Welfare section. Current and proposed rates, per gallon, are indicated in Table 4-6.



**Figure 4-G**

**Alcoholic Beverage Tax Revenue**  
(Dollars in Millions)



- Receipts from tax levies which are allocated to specified functions, such as motor vehicle taxes and fees.
- Charges for special services to specific functions, including such items as business and professions license fees.
- Rental royalties and other receipts designated for particular purposes—i.e. oil and gas royalties.

Motor vehicle related taxes and fees account for 64 percent of all special fund revenue. Principal sources of this income are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During the 1991–92 fiscal year, \$7.3 billion will be derived from the ownership or operation of motor vehicles. Approximately \$4 billion of this revenue will be returned to local governments. The remainder will be available for various state programs related to transportation and services to vehicle owners.

Funds from the voter approved increase in tobacco related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure. Receipts for this fund are estimated at \$547 million in the current year and \$578 million in the budget year. The original 10 cents per package tax on cigarettes is allocated 70 percent to the General Fund and 30 percent to a special fund for distribution to cities and counties. It is estimated that the cities and counties portion will equal \$62 million during 1990–91 and \$66 million in 1991–92. The increase in revenues in the budget year assumes the revision to the state's method of accounting to bring the state in line with changes suggested by the Governmental Accounting Standards Board.

As part of the state and local program realignment proposal, legislation is being proposed to raise the excise taxes on alcoholic beverages. It is estimated that the various rate changes would increase revenues from this source by \$190 million in the budget year. The expenditure plan for these new revenues is outlined in the

Health and Welfare Section.

**Motor Vehicle Fuel Taxes—\$2,536,885**

The motor vehicle fuel license tax (gasoline) and the use fuel tax (diesel) provide the major sources of funds for maintaining, replacing and constructing state highway and transportation facilities. Close to one-half of these revenues are apportioned to local jurisdictions for streets and highway use.

The gas tax is imposed on the distribution of gasoline and other flammable liquids. Distributions of diesel fuel,

**Table 4-7**

**Beer, Wine and Distilled Spirits Revenue**  
(Dollars in Thousands)

	<i>1989–90 Actual</i>	<i>1990–91 Forecast</i>	<i>1991–92 Forecast</i>
General Fund			
Beer and Wine	\$30,996	\$32,000	<b>\$34,000</b>
Distilled Spirits	97,527	95,000	<b>\$101,000</b>
Special Fund *			
Beer and Wine	—	—	<b>\$127,000</b>
Distilled Spirits	—	—	<b>\$63,000</b>
<b>Total</b>	<b>\$128,523</b>	<b>\$127,000</b>	<b>\$325,000</b>

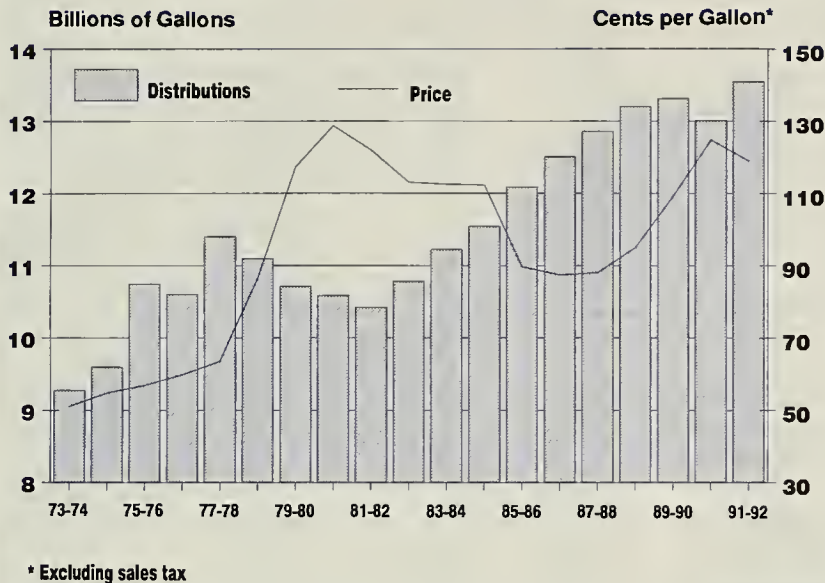
\* Assumes the adoption of legislation to increase excise tax rates, effective July 1, 1991.

Total alcoholic beverage tax revenues from 1982–83 through 1991–92, are illustrated by source in Figure 4-G. Past year actual revenues and the current and budget year forecasts, including the impact of proposed legislation, are shown in Table 4-7.

**Special Fund Revenue**

The California Constitution, codes and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, special fund revenues comprise three categories of income:

**Figure 4-H**  
**Gasoline Distributions and**  
**Average Price per Gallon**



liquid petroleum gas (LPG), alcohol fuel and kerosene are not included under this tax. The current tax rate for motor vehicle fuel is 15 cents per gallon. Aircraft jet fuel is taxed at 2 cents per gallon.

The use fuel tax is imposed on diesel fuel, LPG, natural gas and alcohol fuel for use on state highways. The current tax rates are 15 cents per gallon of diesel fuel, 7 cents per 100 cubic feet of compressed natural gas, 6 cents per gallon of LPG or liquid natural gas and 4.5 cents per gallon of alcohol fuel. In addition, a person may elect to pay a flat rate fuel tax based on vehicle weight in lieu of the tax on LPG. Local transit systems and certain common carriers pay 1 cent per gallon.

Gasoline consumption and tax revenues are sensitive to the retail price of fuel as can be seen in Figure 4-H. As prices began to rise in the late 1970's, consumption dropped—but picked up again as prices eased. By 1986, the average price of gasoline excluding tax had declined to an average of \$.90 per gallon. Since that time, prices remained relatively stable, until August 1990 with the onset of the Persian Gulf Crisis. The forecast assumes that prices will peak

by the end of 1990–91, increasing 32 percent during that period. Prices during 1991–92 are expected to ease, declining 6 percent.

Gasoline consumption increased 2.9 percent during 1989–90, but is estimated to decline 3.5 percent during 1990–91. This estimate was significantly impacted by higher prices as well as the weaker economic outlook. For 1991–92, consumption is estimated to increase 2.4 percent, reflecting lower prices and a stronger economy.

Proposition 111, which was enacted June 1990, increased gasoline and diesel fuel tax rates by 5 cents per gallon effective August 1, 1990, with an additional 1 cent per gallon increase each January 1 thereafter for four years, bringing the tax rate to 18 cents per gallon effective January 1, 1994. This increase is estimated to generate \$687 million during 1990–91 and \$970 million during 1991–92 for transportation purposes.

A summary of motor vehicle fuel revenues is shown in Table 4-8.

#### **Motor Vehicle Fees—\$4,729,780**

Motor vehicle fees consist of vehicle license, registration, weight, driver's license fees and various other charges related to vehicle operation.

The vehicle license fee is imposed for the privilege of operating a vehicle on the public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, excluding administrative costs, are apportioned to local governments for general purpose use.

**Table 4-8**  
**Motor Vehicle Fuel Tax Revenue**  
**(Dollars in Thousands)**

	<i>1989–90 Actual</i>	<i>1990–91 Forecast</i>	<i>1991–92 Forecast</i>
Gasoline	\$1,189,925	\$1,763,931	<b>\$2,213,321</b>
Diesel	159,077	253,908	<b>323,564</b>
Total	\$1,349,002	\$2,017,839	<b>\$2,536,885</b>



**Table 4-9****Vehicle License Fee Depreciation Factors**

<i>Vehicle Age (Years)</i>	<i>Current Law</i>	<i>Budget Proposal</i>
New	85%	100%
1	85%	90%
2	70%	80%
3	55%	70%
4	40%	60%
5	30%	50%
6	25%	40%
7	15%	30%
8	10%	25%
9	5%	20%
10 +	5%	15%

The vehicle license fee is calculated on the vehicle's "market value", which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on a 10-year depreciation period; an 18-year depreciation period is used for trailer coaches. A two percent rate is applied to the depreciated value to determine the fee. Revenue from this source is contingent on the number of vehicles in the state, the ages of those vehicles and their original prices.

Vehicle license fee revenues increased dramatically from 1983-84 through 1987-88. This rapid growth was in response to the strong economic recovery coupled with an update of the depreciation schedule. New vehicle sales remained exceptionally strong for this period due to pent-up demand and dealer incentives.

While the level of new automobile sales remained strong through 1988-89, sales increased only 2.3 percent during the 1987-88 fiscal year and were virtually flat during 1988-89. The slowing economy was evident by 1989-90, where new vehicle sales declined by 3.2 percent. This weakness is expected to continue through the end of 1990-91. For the current year, new automobile sales are estimated to decline 3.2 percent. An 8 percent gain is estimated for the budget year, reflecting the recovering economy.

Allowing for scrappage and for vehicles entering and leaving the state, total fee-paid registrations (autos, trucks, trailers and motorcycles) including a proportional factor for multi-state vehicles at year-end are estimated at 24,343,255 for 1990-91 and 25,010,369 for 1991-92.

The 1991-92 Budget proposes to revise the vehicle license fee depreciation schedule as noted in Table 4-9. In addition, it is proposed that the fee be reestablished based upon the purchase price for used vehicle sales. Combined, these changes are estimated to increase budget year revenues by \$781 million. All of this revenue, excluding collection costs, will be transferred to local governments as part of the state and local program realignment proposal outlined in the Health and Welfare section.

Registration fees are levied at a flat rate of \$23 on all motor vehicles, trailers, semi-trailers and certain types of dollies. Trucks and trailers are also subject to fees based on their unladen vehicle weight.

Proposition 111, which was approved by the voters in June 1990, increased the weight fees for vehicles with an unladen weight of more than 4,000 pounds by 40 percent effective August 1, 1990. The Budget estimate includes \$130 million for the current year and \$143 million for the budget year, reflecting this increase.

The forecast includes proposed legislation that would increase the vehicle registration fees by \$5 effective January 1, 1992 and the driver's license fees by \$2 in order for those revenues to keep pace with the anticipated growth in program costs, most notably in the California Highway Patrol. Combined, these fee increases are estimated to increase budget year revenues by \$73.4 million for the support of the Department of Motor Vehicles.

Motor vehicle fees is summarized in Table 4-10.

**Table 4-10**
**Motor Vehicle Fees**  
**(Dollars in Thousands)**

<i>Source</i>	<i>1989-90 Actual</i>	<i>1990-91 Forecast</i>	<i>1991-92 Forecast</i>
Vehicle License Fees	\$2,139,944	\$2,262,000	<b>\$3,225,000</b>
Registration, Weight & Other Fees	\$1,162,200	\$1,362,480	<b>\$1,504,780</b>



Table 4-11

**Summary of State Tax Collections**  
**(Excludes Departmental, Interest and Miscellaneous Revenue)**

	<i>Per Capita Personal Income</i> <sup>1 2</sup>	<i>State Tax Collections (Millions)</i>		<i>Taxes per Capita</i> <sup>1</sup>		<i>Taxes per \$100 of Personal Income</i> <sup>3</sup>	
		<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>	<i>General Fund</i>	<i>Total</i>
1967-68 .....	\$3,838	\$3,558	\$4,676	\$185.55	\$243.86	\$4.83	\$6.35
1968-69 .....	4,158	3,963	5,173	203.94	266.21	4.90	6.40
1969-70 .....	4,485	4,126	5,409	208.96	273.94	4.66	6.11
1970-71 .....	4,746	4,290	5,599	214.08	279.41	4.51	5.89
1971-72 .....	4,958	5,213	6,599	256.22	324.34	5.17	6.54
1972-73 .....	5,360	5,758	7,229	279.72	351.18	5.22	6.55
1973-74 .....	5,836	6,379	7,877	305.67	377.45	5.24	6.47
1974-75 .....	6,433	8,045	9,574	379.95	452.16	5.91	7.03
1975-76 .....	6,951	9,069	10,710	421.07	497.26	6.06	7.15
1976-77 .....	7,646	10,781	12,525	491.48	570.98	6.43	7.47
1977-78 .....	8,373	12,952	14,826	579.46	663.30	6.92	7.92
1978-79 .....	9,411	14,188	16,201	621.30	709.45	6.60	7.54
1979-80 .....	10,526	16,860	19,057	724.94	819.41	6.89	7.78
1980-81 .....	11,603	17,808	20,000	748.86	841.04	6.45	7.25
1981-82 .....	12,723	19,109	21,556	787.45	888.28	6.19	6.98
1982-83 .....	13,236	19,579	22,375	789.92	902.73	5.97	6.82
1983-84 .....	13,927	22,309	25,685	881.47	1,014.86	6.33	7.29
1984-85 .....	15,098	25,515	29,038	989.72	1,126.38	6.56	7.46
1985-86 .....	16,035	26,982	30,916	1,023.67	1,172.93	6.38	7.31
1986-87 .....	16,782	31,331	35,368	1,160.45	1,309.97	6.91	7.81
1987-88 .....	17,749	31,231	35,616	1,129.31	1,287.87	6.36	7.26
1988-89 .....	18,915	35,647	40,619	1,258.59	1,434.13	6.65	7.58
1989-90 .....	19,929	37,247	43,047	1,281.63	1,481.16	6.43	7.43
1990-91 † .....	20,826	38,917	45,768	1,303.23	1,532.52	6.26	7.36
1991-92 † .....	21,613	44,567	52,858	1,457.63	1,728.80	6.74	8.00

<sup>1</sup> Per Capita computations are based on July 1 populations estimates.

<sup>2</sup> Personal income data are on a calendar year basis (e.g., 1989 for FY 1989-90).

<sup>3</sup> Taxes per \$100 personal income computed using calendar year personal income e.g. 1989 income related to 1989-90 tax collections.

† Estimated. The 1991-92 estimate reflects \$1.7 billion in accrual accounting changes and other proposals.

Table 4-12

### Outline of State Tax System as of January 1, 1991

<i>Major Taxes and Fees</i>	<i>Base or Measure</i>	<i>Rate</i>	<i>Administering Agency</i>	<i>Fund</i>
<b>Alcoholic Beverage</b>				
Excises:				
Beer .....	Gallon .....	\$0.04	Equalization <sup>1</sup> .....	General
Distilled Spirits .....	Gallon .....	\$2.00	Equalization .....	General
Wine:				
Dry .....	Gallon .....	\$0.01	Equalization .....	General
Sweet .....	Gallon .....	\$0.02	Equalization .....	General
Sparkling .....	Gallon .....	\$0.30	Equalization .....	General
Hard cider .....	Gallon .....	\$0.02	Equalization .....	General
<b>Bank and Corporation:</b>				
General Corporation .....	Net income .....	9.3% <sup>2</sup>	Franchise <sup>3</sup> .....	General
Banks and Financial Corporations .....	Net income .....	10.7% Max	Franchise .....	General
Alternate Minimum Tax .....	Alternate Taxable Income .....	7.0%	Franchise .....	General
<b>Tobacco:</b>				
Cigarette .....	Package .....	\$0.35 <sup>4</sup>	Equalization .....	Cigarette Tax <sup>5</sup> and Cigarette and Tobacco Products Surtax
Other Tobacco Products .....	Wholesale price .....	34.17%	Equalization .....	Cigarette and Tobacco Products Surtax
Energy Resources Sur-charge .....	Kilowatt hours .....	\$0.0002	Equalization .....	Energy Resources Sur-charge Fund
Horse Racing License .....	Amount wagered .....	0.5-6.45%	Horse Racing Board .....	Fair and Expo. <sup>6</sup> Satellite Wagering <sup>13</sup> Wildlife Restoration and General
Estate .....	Breakage .....	0-100%	Horse Racing Board .....	General
Insurance .....	Taxable Federal estate .....	0.8-16%	Controller .....	General
Liquor license fees .....	Gross Premiums .....	2.35% <sup>7</sup>	Insurance Dept. ....	General
	Type of license .....	Various	Alcoholic Beverage Control .....	General
<b>Motor Vehicle:</b>				
Vehicle license fees .....	Market value .....	2%	Motor Vehicle Dept. ....	Motor Vehicle License Fee <sup>8</sup>
Fuel—gasoline .....	Gallon .....	\$0.15	Equalization .....	Motor Vehicle Fuel <sup>9</sup>
Fuel—diesel .....	Gallon .....	\$0.15	Equalization .....	Motor Vehicle Fuel
Registration fees .....	Vehicle .....	\$23.00	Motor Vehicle Dept. ....	Motor Vehicle <sup>10</sup>
Weight fees .....	Unladen Weight .....	Various	Motor Vehicle Dept. ....	State Highway <sup>11</sup>
Personal Income .....	Taxable income .....	1-9.3%	Franchise .....	General
Alternate Minimum Tax .....	Alternate Taxable Income .....	7.0%	Franchise .....	General
Private Railroad Car .....	Valuation .....	<sup>12</sup>	Equalization .....	General
Retail Sales and Use .....	Receipts from sales or lease of taxable items .....	4.75%	Equalization .....	General, and State Transportation Fund

<sup>1</sup> State Board of Equalization.<sup>2</sup> Minimum Tax \$800 per year.<sup>3</sup> Franchise Tax Board.<sup>4</sup> This tax is levied at the combined rate of ½ cent per cigarette for the cigarette tax and 1¼ cents per cigarette for the cigarette and tobacco products surtax.<sup>5</sup> 30 percent of the ½ cent per cigarette tax is remitted to local jurisdictions.<sup>6</sup> For support of county fairs and other activities.<sup>7</sup> Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans and surplus lines.<sup>8</sup> For return to cities and counties.<sup>9</sup> For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.<sup>10</sup> For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.<sup>11</sup> For state highways and State Department of Motor Vehicles administrative expense.<sup>12</sup> Average property tax rate in the State during preceding year.<sup>13</sup> For construction of Satellite Wagering Facilities and health and safety repairs at fair sites.

Source: State of California, Department of Finance.

**Table 4-13**  
**Comparative Yield of State Taxes, 1967-68 through 1991-92**  
**(Dollars in Thousands)**

<i>Year Ending June 30</i>	<i>Sales and Use</i>	<i>Personal Income</i>	<i>Bank and Corpora- tion<sup>1</sup></i>	<i>Tobacco<sup>2</sup></i>	<i>Estate Inheritance &amp; Gift<sup>3</sup></i>	<i>Insurance<sup>4</sup></i>	<i>Alcoholic Beverages</i>	<i>Horse Racing</i>	<i>Motor Vehicle Fuel<sup>5</sup></i>	<i>Vehicle Fees<sup>6</sup></i>
1968 .....	1,464,927	952,487	576,874	219,272	135,554	121,155	94,896	54,799	581,127	437,918
1969 .....	1,652,979	1,101,691	592,303	237,328	158,815	130,312	99,612	59,839	625,667	469,655
1970 .....	1,753,611	1,152,053	587,013	236,878	164,299	136,733	105,908	58,244	668,537	498,992
1971 .....	1,808,052	1,264,383	532,091	239,721	185,699	158,423	106,556	64,601	674,635	513,202
1972 .....	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	69,380	712,426	547,845
1973 .....	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	72,693	746,196	596,922
1974 .....	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	78,289	742,702	644,448
1975 .....	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	86,637	752,234	664,453
1976 .....	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	96,117	766,555	749,936
1977 .....	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	102,702	810,321	807,782
1978 .....	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	111,591	850,181	924,410
1979 .....	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	112,856	896,591	1,021,856
1980 .....	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	127,002	852,752	1,096,640
1981 .....	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	129,779	839,994	1,127,293
1982 .....	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	119,626	833,446	1,373,354
1983 .....	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	120,159	928,633	1,614,993
1984 .....	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	141,001	1,213,167	1,906,290
1985 .....	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	133,814	1,159,637	2,137,326
1986 .....	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	131,592	1,194,172	2,515,295
1987 .....	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	131,733	1,245,881	2,692,835
1988 .....	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	132,208	1,293,254	2,966,334
1989 .....	12,650,893	15,886,361	5,138,009	559,616	335,092	1,317,630	128,264	143,379 <sup>7</sup>	1,320,512	3,139,011
1990 .....	13,917,812	16,903,654	4,964,842	787,076	388,527	1,167,684	128,523	147,920	1,349,002	3,302,144
1991 <sup>e (8)</sup> .....	14,366,700	17,626,500	5,395,000	756,300	442,000	1,270,000	127,000	154,102	2,017,839	3,624,480
1992 <sup>e (9)</sup> .....	16,462,800	19,337,006	5,560,000	802,100	487,000	1,325,000	325,000	157,114	2,536,885	4,729,780

<sup>1</sup> Includes the corporation income tax, and commencing with 1989 data, the unitary election fee.

<sup>2</sup> Proposition 99, of 1988, increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products.

<sup>3</sup> Proposition 6, of 1982, repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable Federal estate tax credit effective for decedents dying on or after June 8, 1982.

<sup>4</sup> The conclusion of litigation resulted in additional revenue of \$51 million in 1987-88, \$178 million in 1988-89 and is estimated will result in an additional \$13 million in 1990-91.

<sup>5</sup> Motor vehicle fuel tax (gasoline), use fuel tax (diesel) and liquefied petroleum gas.

<sup>6</sup> Registration and weight fees, motor vehicle license fees and other fees.

<sup>7</sup> Beginning with 1988-89, includes revenues from satellite wagering which were not included in prior years.

<sup>8</sup> Includes revenues from Proposition 111 (June 1990) and revenue legislation passed as part of the 1990-91 budget compromise package.

<sup>9</sup> Includes revenues from proposed legislation included as part of the 1991-92 Governor's Budget. These Figures represent the Standard Forecast.

<sup>e</sup> Estimated.





# State and Local Fiscal Relationship

**A**s a result of the passage of Proposition 13 and various economic adjustments since that time, many local governments have found it increasingly difficult to finance burgeoning service demands with limited resources. At the same time, there has been a growing trend of fiscal power being concentrated in Sacramento. While certain programs were established in the 1980s to assist local government, e.g., Trial Court Funding and County Revenue Stabilization, much remains to be done in returning financial capacity and programmatic flexibility to local government. Consistent with this philosophy, the 1991–92 Budget proposes several important changes:

- Returning programmatic and financial responsibility for two social programs to local government and providing a source of revenue equivalent to the cost of those programs.
- Changing the California Constitution to allow local bond measures for educational and criminal justice facilities to be approved by a majority rather than two-thirds of the voters.
- Providing for a more equitable distribution of sales tax revenues among local jurisdictions.
- Providing local agencies with the authority to increase the sales tax by up to  $\frac{1}{2}$  of one percent for drug enforcement and crime prevention purposes.

In addition, the Administration is committed to preventing the further legislative erosion of local finances by vetoing any bill which would impose unfunded state-mandated costs on local entities.

## Realignment of State/Local Fiscal Relationships

In an effort to increase county fiscal capacity and flexibility, the Administration is proposing a realignment of the state/local fiscal relationship as it pertains to two major health and welfare programs and the funding for those programs. It is proposed that funding and primary programmatic responsibility be shifted to counties for mental health and county health services programs.

State funding for these two programs would be largely eliminated for a reduction in state General Fund costs of \$942 million. To replace this lost state revenue, counties would receive the increased revenue that will result from a proposed change in the structure of the Vehicle License Fee (VLF) and an adjustment to the alcoholic beverages tax.

It is proposed that the depreciation schedule used to calculate the VLF annually paid by motorists be revised. This adjustment will produce approximately \$781 million. Increases in this revenue source in future years will accrue to counties to handle future increases in the cost of providing the mental health and public health programs. In addition to the revenue that will result from changing the VLF depreciation schedule, counties also will receive most of the increase from a new surcharge that will be placed on alcoholic beverages. That surcharge will produce approximately \$190 million. After using \$17 million of this increase to fund an Administration initiative to educate women on the dangers of alcohol and drug abuse during pregnancy, the remainder of the surcharge revenue will flow to counties.

For more details on this initiative, see the Health and Welfare and the Revenue sections of this document.

## Local Bonded Indebtedness Voting Requirements

Currently, the ability of local governments to fund needed educational and criminal justice facilities is constitutionally constrained; i.e., general obligation bonds must be approved by two-thirds of the voters. Based on the inherent difficulty of securing this approval, infrastructure needs are often neglected even though a majority of voters in a given community might support and be willing to pay for the construction of new facilities. Many local governments are finding it difficult to provide the level of service desired by their constituents, partly because of the overly restrictive voting approval requirements. This difficulty has placed a greater burden on the state to finance local infrastructure, especially school and jail facilities.

This Administration wishes to forge a new relationship with local governments and provide them the means and flexibility to tailor local program service levels to a revenue base deemed appropriate by a majority of the voters. One step toward accomplishing this objective would be the elimination of barriers to the approval of bond measures for critical infrastructure needs. Accordingly, the Administration proposes a change in the California Constitution which would authorize the majority of voters in a local jurisdiction to approve bonds for educational and criminal justice infrastructure purposes.

## Land Use Decisions

Unfortunately, local government land use decisions often hinge primarily upon the revenue generating potential of a proposed zoning, annexation or incorporation proposal. Often, the revenue impact overshadows other land use policy matters and may lead to overdevelopment, undesirable growth and loss of prime agricultural land or open space. In addition, it may lead to destructive competition between local governmental entities for existing revenue-generating developments (e.g., shopping centers).

There are several facets to this problem, but one of the more prominent ones is the existing situs basis of allocating sales tax revenue. The situs allocation method provides a strong incentive for annexation and incorporation drives that take revenue from one jurisdiction for the benefit of another with little or no other significant rationale for doing so except enhancing the fiscal condition of one jurisdiction at the cost of the other. The result usually is to adversely affect the distribution of resources among local governments, creating or exacerbating disparities in the ability of those governments to carry out their duties and serve their citizens.

Land use decisions based purely on finances have the dual negative result of discouraging sound land use actions and adversely affecting the equitable distribution of revenue among local jurisdictions. Recognizing this, the Administration would be supportive of efforts to ameliorate the conditions that lead to land use decisions based largely on fiscal matters. In particular, the Administration encourages legislation that would change the current method for distribution of sales tax revenue from situs to per capita for a county and all cities within the county. Although the immediate redistribution of sales tax revenue which cities and counties currently have within their base revenues may create unacceptable fiscal dislocation, it does seem reasonable to explore the possibility of changing the allocation method for *growth* in the sales tax revenue. The Administration will work with local government representatives to determine the best means of achieving this end.

## State-Mandated Programs

The original statutory requirement which directed the state to reimburse local governments for costs of any state-mandated program was established in 1972 (SB 90). That requirement was elevated to a constitutional requirement in 1979 and in 1984 the five-member Commission on State Mandates (COSM) was created to determine whether local entities are entitled to reimbursement by the state for costs which may have been incurred as a result of new state-mandated local programs. If reimbursement is not initially provided in the mandating legislation or executive regulation, the local entities are authorized to file claims with the COSM alleging entitlement for reimbursement. The membership of the COSM, as prescribed by statute, includes the Treasurer, the Controller, the Director of Finance, the Director of the Office of Planning and Research, and a public member appointed by the Governor.

The 1991-92 Governor's Budget proposes to appropriate \$236.1 million to fund all mandate programs funded in the 1990 Budget Act and in the most recently enacted COSM claims bill. In addition, the Governor's Budget proposes to set aside \$76.4 million for costs which are anticipated to be funded in the next COSM claims bill. This brings the total budgeted level for mandate reimbursement to \$312.5 million. This compares to a total of \$2.9 million appropriated in fiscal year 1973-74, the first full year of reimbursement to local entities.

A new policy was established in the 1990 Budget changing several mandated programs to optional programs. This was done by eliminating the state funding formerly provided to reimburse local governments for nineteen mandates and relieving local governments from compliance with those mandates by adding specific language to that effect in the Government Code. In addition to eliminating many state-imposed requirements on local government, implementation of this policy reduced state costs in the current year by \$31 million. The Governor's Budget for 1991-92 proposes to continue that policy. In addition, as part of its commitment to work with local governments and to prevent any unnecessary fiscal constraints, the Administration is pledging to veto any legislation mandating a new requirement on local entities which does not contain a corresponding appropriation to cover the cost of the mandate.

## State-Required Programs

The Administration recognizes and appreciates the fact that, like the state, local governments (especially counties) are facing formidable challenges in allocating scarce financial resources to meet many important needs. Also like the state, local governments face structural budget problems of *required* expenditures that cannot be funded within their existing revenue system. These required expenditures limit flexibility and exacerbate the already difficult resource allocation problem.



**Table 5-1****Summary of Payments to Local Government  
for State Mandates****(Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Mandate Legislation</i>	<i>Budget Acts</i>	<i>Claims Bills</i>	<i>Totals</i>
1973-74	\$3,538	—	—	\$3,538
1974-75	2,655	\$14,943	—	17,598
1975-76	1,376	17,963	—	19,339
1976-77	20,226	18,356	\$523	39,105
1977-78	4,007	52,623	—	56,630
1978-79	21,443	54,434	1,203	77,080
1979-80	12,013	75,565	12,202	99,780
1980-81	9,947	105,377	7,572	122,896
1981-82	—	101,942	33,980	135,922
1982-83	610	92,886	24,183	117,679
1983-84	10,000	74,671	22,208	106,879
1984-85	4,937	76,070	1,366	82,373
1985-86	44,741	109,842	6,884	161,467
1986-87	75	144,525	5,928	150,528
1987-88	—	87,754	48,700	136,454
1988-89	500	114,248	26,051	140,799
1989-90	—	198,159	47,998	246,157
1990-91	—	194,841	11,445	206,286
<b>1991-92</b>	<b>—</b>	<b>236,139*</b>	<b>76,432*</b>	<b>312,571*</b>
<b>TOTALS</b>	<b>\$136,068</b>	<b>\$1,770,338</b>	<b>\$326,675</b>	<b>\$2,233,081</b>

\*Estimated

services, mental health and criminal justice, which predate the benchmark year of 1975 in Proposition 4.

Some of the state-required programs involve joint state and local funding, but the amount of local fiscal match and the service level are mandatory, thus eliminating local discretion. Other state-required programs do not involve a state/local fiscal relationship, but do limit how local governments are permitted to carry out their functions.

The Administration recognizes that the statutory constraints which accompany these "state-required" programs limit local decisions about the allocation of resources. Consequently, the Administration will be receptive to proposals for elimination or amendment of "state-required" programs which are no longer effective or which can be demonstrated to unreasonably limit local government decision making. The Administration looks forward to working cooperatively with local governments to free them of unnecessary constraints and nondiscretionary demands for the expenditure of local revenue.

There are at least three types of required expenditures—constitutional, court-imposed and statutory (including regulations promulgated pursuant to statutory authority). Counties, as political subdivisions and agents of the state, are required to administer various programs prescribed by state statute. Proposition 4 of 1979 defines as "state-mandated programs" whose costs must be borne by the state, those mandatory programs that were created or enhanced by state actions taken in 1975 and subsequent years. The processes for ensuring that the state fulfills its responsibility to fund state-mandated programs is for the most part functioning satisfactorily (see discussion of state-mandated programs above).

In addition to these reimbursable state-mandated programs, however, there are a host of state programs which do not fall within the purview of Proposition 4, but which nevertheless call for the expenditure of local resources. To distinguish those programs from the reimbursable state-mandated programs covered by Proposition 4, these programs are categorized as "state-required" programs. They include programs such as welfare (both AFDC and General Assistance), health

### **Trial Court Funding Program**

The Trial Court Funding Program is a major state program for assisting local government while at the same time bolstering the administration of justice. This program provides a quarterly block grant to counties for each judicial position, as defined by statute. In return, the county must agree to maintain a specified level of court funding and to forgo reimbursement of court-related, state-mandated local programs. While participation in the program is optional, all 58 counties are currently participating in the program and are expected to continue to participate in 1991-92.

The Trial Court Funding Program became operative in the second half of the 1988-89 fiscal year. It replaced an earlier version that had been enacted in 1985, but which never became operative. The major difference between the two programs is that the original program provided for a larger block grant, but required counties to remit their court-generated fine, fee and forfeiture revenue to the state. The existing program provides for a different block grant and the retention of court-generated revenue at the local level.

In 1990, the basic block grant was reduced by ten percent, on an ongoing basis, and the automatic block grant adjustment was suspended for one year because of the serious fiscal constraints faced by the state. The 1991–92 Governor's Budget includes \$399 million for support of the Trial Court Funding Program. This amount reflects an increase of \$18 million for cost of living and a reduction of \$16.6 million related to the "trigger".

## **County Revenue Stabilization Program**

The County Revenue Stabilization Program was first proposed in the 1986–87 Governor's Budget. Local officials had expressed concerns that their revenue base was being eroded because they were required by state law to provide increased amounts as a match to certain state programs. Since they believed the amount of the match to be essentially outside of their control, they saw this as an unfair imposition on already limited general purpose revenues.

A 1987 law addressed this problem. The fraction of each county's general purpose revenue needed to meet specified requirements for matching funds is compared to the fraction of general purpose revenue needed for those same match requirements in the 1981–82 fiscal year. If the fraction of a county's general purpose revenue needed to meet match requirements has increased, the state is authorized to provide additional funding to that county up to an amount sufficient to reduce the fraction to the 1981–82 level. These payments are limited to the amount appropriated annually for this purpose. The 1991–92 Stabilization Program is proposed to be funded at \$14.4 million, a four percent decrease from the prior year funding level due to the "trigger" adjustment.

## **Redevelopment Agencies**

There are approximately 350 redevelopment agencies (RDAs) in the state. These agencies have a combined revenue from all sources in excess of \$1.6 billion. RDAs have many sources of revenue, including payments under the Special Supplemental Subvention program. This program provides subventions to RDAs and to multi-county special districts for revenue lost as a result of the elimination of the former personal property tax subvention programs. Legislation in 1990 reduced the 1990–91 subvention by approximately 25 percent and established semiannual payment dates of July 1 and December 31. The 1991–92 Governor's Budget includes \$9.6 million for the Special Supplemental Subvention program, which would be approximately 0.6 percent of total RDA revenues. Since RDAs have other substantial sources of revenue (primarily tax increment revenue and interest income) which are continuing to expand, the need for state subventions is diminished. Therefore, the reduced subvention level is expected to have a minimal effect on statewide RDA operations. The \$9.6 million proposed for Special Supplemental Subventions

in 1991–92 is to be allocated to those relatively few RDAs that have disproportionately relied on this subvention program for revenue to support bond debt, and to those RDAs in which Special Supplemental Subventions historically have provided more than ten percent of an RDA's revenues. This amount will be apportioned to such RDAs with the intent of minimizing fiscal dislocation as this program is eventually phased out completely.

## **Subventions for Open Space**

In 1965, the Legislature passed the California Land Conservation Act, known as the Williamson Act, to preserve open space and agricultural land. The Williamson Act permits local governments to enter into contracts with landowners which restrict land use in exchange for reduced property tax assessments.

California's Open Space Subvention Program was enacted in 1972 to provide local governments with the means to adopt land use policies which are consistent with the provisions of the Williamson Act. State reimbursements are provided to local governments to assist them in financing the revenues lost because of the placement of land under open space contracts. Subvention amounts are based on the type and amount of urban prime, other prime and nonprime land under contract.

The 1991–92 Governor's Budget provides approximately \$13.9 million for the Open Space Subvention Program, \$600,000 less than the 1990–91 funding level due to the "trigger" reduction.

## **Disaster Assistance**

The Loma Prieta earthquake on October 17, 1989 served as a grim reminder that California is prone to natural disasters. The magnitude of this earthquake can be put into perspective by the damage it caused relative to previous disasters: The combined damage of the preceding nine Presidentially declared disasters in California since 1983 is estimated at \$1.5 billion; the Loma Prieta earthquake is estimated at more than \$5 billion. Without government intervention, response to and recovery from these disasters would be unduly arduous. While the federal government is helpful, additional state aid is often necessary to minimize disruptions of essential services.

Through the Office of Emergency Services, the state provides substantial assistance to local governments to help them respond to and recover from natural disasters. Under the provisions of the state's Natural Disaster Assistance Act, the state provides on behalf of local governments 75–100 percent of the matching funds required in order to receive federal disaster aid through the Federal Emergency Management Agency following a major disaster. During the last decade, and including anticipated subventions resulting from the Loma Prieta



earthquake, the state has provided local governments with roughly \$832 million in aid.

This Administration is committed to prompt disaster response and relief sufficient to accommodate the needs of local governments and their citizens. Maintenance of \$4 million in the various Natural Disaster Assistance Act accounts and a reasonable reserve for economic uncertainties is vital to ensure appropriate action during and after an emergency.

## **Tax Relief**

The state provides substantial assistance to homeowners and renters through a variety of tax relief programs. Several of these programs are devoted to providing relief to senior citizens in the form of renters' tax assistance, property tax assistance, and property tax deferral. However, the majority of tax relief program costs are aimed at reducing the property tax burden of homeowners in general and at providing tax relief to all qualified renters. In 1990–91, the Renters' Tax Relief program will provide over one-half billion dollars in tax credits to California renters, making it the largest of the state's tax relief programs. The Homeowners' Property Tax Relief program will provide local governments with approximately \$360 million to reduce homeowners' property tax bills.

The Homeowners' Property Tax Relief program is provided for in the California Constitution. It exempts from property taxes the first \$7,000 of market value of a homeowner's principal residence. Under the one-percent property tax rate established by Proposition 13,

this exemption equates to a reduction in the homeowner's property tax bill of about \$70 per year. Well over five million homeowners receive this tax reduction each year.

The Renters' Tax Relief program, established in 1973, initially provided renters with credits ranging from \$25 to \$45, depending upon their adjusted gross income, with maximum relief at incomes of \$8,000 or more. Since that time, credit amounts and various eligibility criteria have been changed on at least six occasions. For example, in 1976, the Legislature changed the relief amount to a uniform \$37 for all renters regardless of income. Most recently, legislation reduced the maximum credit for married couples, heads of household and surviving spouses from \$137 to \$120.

The California Constitution delineates a relationship between the Homeowners' Property Tax Exemption and the Renters' Tax Credit. Since 1974, the homeowners' benefit has remained unchanged, yet the renters' benefit has increased nearly three-fold, resulting in benefit inequities. Therefore, to more closely align the benefit of the Renters' Tax Credit with that of the Homeowners' Property Tax Exemption, the Governor's Budget proposes to change the credit from \$120 to \$70 for married couples, heads of household and surviving spouses, and from \$60 to \$35 for singles. In addition to equalizing benefits between homeowners and renters, this proposal would provide significant savings to the General Fund (approximately \$210 million) at a time when financial resources are unable to keep pace with increasing demands.



Table 5-2

**Local Assistance Expenditures  
State General Fund**

**(Dollars in Thousands)**

	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
<b>Assistance to Individuals</b>			
Health and Welfare			
SSI/SSP Grants .....	\$2,203,946	\$2,298,805	\$2,286,200
AFDC Grants .....	2,649,267	3,002,205	2,952,145
Special Adult Programs .....	3,000	2,955	3,089
Office of Statewide Health Planning .....	2,347	3,596	2,765
Totals .....	\$4,858,560	\$5,307,561	\$5,244,199
Tax Relief			
Homeowners' Tax Relief .....	352,208	356,049	360,000
Senior Citizens' Property Tax Assistance .....	4,047	3,287	2,893
Senior Citizens' Property Tax Deferral .....	8,350	9,500	10,500
Senior Citizen Renters' Tax Assistance .....	20,070	16,220	14,279
Renters' Tax Relief .....	483,275	577,000	328,000
Totals .....	\$ 867,950	\$ 962,056	\$ 715,672
Student Aid Commission .....	146,091	155,823	162,794
California Arts Council .....	12,852	13,118	12,413
Loma Prieta Earthquake Relief .....	30,000	-	-
Totals, Assistance to Individuals .....	\$5,915,453	\$6,438,558	\$6,135,078
<b>Payments to Service Providers</b>			
Health and Welfare			
Department of Aging .....	33,075	31,068	29,441
Department of Alcohol and Drug Programs .....	73,089	74,435	71,458
Department of Health Services			
Public Health Services .....	85,700	85,860	86,045
Medi-Cal Assistance Program .....	3,339,209	3,810,934	5,127,578
Department of Developmental Services .....	491,644	554,506	580,989
Mental Health Services .....	593,825	545,761	117,383
Social Service Programs .....	760,285	790,939	911,436
Community Care Licensing .....	9,822	9,045	8,797
Department of Rehabilitation .....	69,852	80,314	78,606
Emergency Medical Services Authority .....	2,856	3,057	2,935
Totals, Payments to Service Providers .....	\$5,459,357	\$5,985,919	\$7,014,668

<sup>1</sup> Beginning in 1989-90, this amount is budgeted in State Operations; previously it was budgeted in Local Assistance.

**Table 5-2—Continued**

**Local Assistance Expenditures  
State General Fund**

**(Dollars in Thousands)**

<b>Payments to Local Government</b>	<b>1989-90</b>	<b>1990-91</b>	<b>1991-92</b>
Restricted			
Legislative/Judicial/Executive.....	576,349	656,287	<b>562,956</b>
State and Consumer Services .....	1,750	1,750	<b>1,680</b>
Business/Transportation/Housing.....	86,710	48,181	<b>53,695</b>
Resources.....	14,520	1,779	<b>910</b>
Health and Welfare			
Department of Health Services			
Public Health Services for			
Local Agencies .....	1,072,389	899,392	<b>430,220</b>
County Administration.....	110,852	139,694	<b>181,351</b>
Department of Social Services			
County Administration.....	173,068	199,521	<b>235,231</b>
Corrections			
Department of Corrections.....	26,600	24,842	<b>25,829</b>
Youth Authority .....	73,851	40,905	<b>40,641</b>
Education			
K-12 Categoricals .....	3,868,551	4,225,882	<b>4,470,492</b>
State Library Assistance .....	34,890	29,579	<b>23,148</b>
Contribution to Teachers'			
Retirement Fund .....	446,316	53,000	<b>587,902</b>
Community College Categoricals.....	139,023	172,120	<b>173,115</b>
Student Aid Commission—CAL			
SOAP.....	577	577	<b>577</b>
School Facilities Aid .....	— 1,839	21,100	<b>21,093</b>
Other Governmental Units.....	77,049	65,296	<b>63,830</b>
Loma Prieta Earthquake Relief.....			
Shared Revenues—Tidelands.....	459	300	<b>288</b>
Local Mandates .....	232,383	232,966	<b>311,061</b>
Totals—Restricted .....	<b>\$ 6,933,498</b>	<b>\$ 6,813,171</b>	<b>\$ 7,184,019</b>
General Purpose			
Education			
K-12 Apportionments.....	10,017,630	10,674,748	<b>10,576,195</b>
Community College			
Apportionments.....	1,400,836	1,535,090	<b>1,484,118</b>
Other Governmental Units			
Aid to Local Governments .....	21,235	15,615	<b>14,400</b>
Tax Relief			
Open Space .....	19,416	14,500	<b>14,500</b>
Substandard Housing.....	278	293	<b>396</b>
Special Supplemental			
Subventions.....	39,596	11,700	<b>25,138</b>
Totals—General Purpose .....	<b>\$11,498,991</b>	<b>\$12,251,946</b>	<b>\$12,114,747</b>
Totals, Payments to Local			
Government.....	<b>\$18,432,489</b>	<b>\$19,065,117</b>	<b>\$19,298,766</b>
Unallocated Trigger Reduction.....	—	—	<b>—48,325</b>
Estimated Unidentifiable Savings.....	—	— 75,000	<b>— 115,000</b>
Totals, General Fund Local Assistance .....	<b>\$29,807,299</b>	<b>\$31,414,594</b>	<b>\$32,285,187</b>

**Table 5-3**  
**Summary of Local Revenues**  
**(Dollars in Millions)**

<i>Local Agencies</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
<b>Counties</b>					
Property Taxes.....	\$4,129.7	\$4,500.4	\$4,945.3	\$5,512.7	<b>\$6,039.1</b>
Sales Taxes.....	369.3	380.8	403.4	409.6	<b>442.8</b>
Vehicle License Fees.....	1,043.3	1,128.5	1,197.0	1,288.0	<b>2,324.2</b>
Other Revenues.....	1,284.2	1,616.1	1,978.0	2,178.8	<b>2,376.4</b>
Totals.....	\$6,826.5	\$7,625.8	\$8,523.7	\$9,389.1	<b>\$11,182.5</b>
Less Mandated Health and Welfare Costs.....	-910.5	-955.5	-948.1	-1,060.1	<b>-677.9</b>
Adjusted Totals.....	\$5,916.0	\$6,670.3	\$7,575.6	\$8,329.0	<b>\$10,504.6</b>
<b>Cities</b>					
Property Taxes.....	1,552.8	1,704.8	1,885.3	2,115.0	<b>2,331.7</b>
Sales Taxes.....	2,048.7	2,205.7	2,405.0	2,478.3	<b>2,720.0</b>
Vehicle License Fees.....	669.8	769.9	817.5	879.0	<b>943.5</b>
Other Revenues.....	2,706.3	3,047.3	3,325.5	3,562.9	<b>3,903.5</b>
Totals.....	\$6,977.6	\$7,727.7	\$8,433.3	\$9,035.2	<b>\$9,898.7</b>
<b>Special Districts</b>					
Property Taxes.....	1,077.0	1,171.3	1,309.9	1,485.7	<b>1,655.7</b>
<b>Education</b>					
K-12 and County Offices					
Property Taxes.....	3,786.2	4,116.9	4,521.2	5,014.4	<b>5,495.9</b>
State Apportionment.....	8,734.8	9,590.3	10,043.9	10,696.6	<b>10,598.0</b>
Categorical Aid.....	3,161.1	3,485.5	3,964.4	4,331.4	<b>4,664.0</b>
Lottery.....	650.9	834.3	788.8	613.5	<b>613.5</b>
Totals.....	\$16,333.0	\$18,027.0	\$19,318.3	\$20,655.9	<b>\$21,371.4</b>
ADA.....	4,595,352	4,735,816	4,894,607	5,130,520	<b>5,242,739</b>
Expenditures per ADA.....	3,554	3,807	3,947	4,026	<b>4,076</b>
<b>Community Colleges</b>					
Property Taxes.....	603.9	653.6	715.5	793.2	<b>865.8</b>
Fees.....	65.4	66.2	67.2	69.0	<b>84.7</b>
State Apportionments.....	1,168.4	1,302.4	1,403.4	1,538.9	<b>1,488.0</b>
Categorical Aid.....	168.5	171.5	167.0	200.2	<b>173.1</b>
Lottery.....	96.8	126.9	122.4	95.2	<b>95.2</b>
Totals.....	\$2,103.0	\$2,320.6	\$2,475.5	\$2,696.5	<b>\$2,706.8</b>
ADA.....	679,234	702,502	720,623	738,291	<b>752,189</b>
Expenditures per ADA.....	3,096	3,303	3,435	3,652	<b>3,599</b>



# Elementary and Secondary Education

California's elementary and secondary schools are composed of 1,010 local school districts and 58 county offices of education, which will expend approximately \$26.7 billion in 1991-92 for the education of almost 5.1 million students. Included in this total is an increase of \$779 million in state General Fund to fund all projected enrollment increases and statutory growth requirements for specified specialized programs such as special education, school improvement, economic impact aid, adult education, textbooks and child development and nutrition programs. The 1991-92 Budget, however, does not include any funding for cost-of-living adjustments due to the severe state revenue shortfall and proposes to suspend Proposition 98 for a savings of \$1.4 billion.

**Total Funding.** As noted in Table 6-1 and Figures 6-A and 6-B, revenue for the support of K-12 programs comes from various sources. Approximately 63.6 percent (\$17.0 billion) comes from the state, and 21.8 percent (\$5.8 billion) comes from local taxes. The remaining 14.6 percent is from miscellaneous local

sources and the federal government. As shown in Table 6-1, K-12 total revenues will increase 5.4 percent.

**Reforms and Initiatives.** This Budget builds on the reforms already underway in our elementary and secondary schools to ensure continued improvement in California's education system. Reforms have been enacted in the areas of pupil academic performance and discipline, curriculum and teacher preparation. The Governor's Budget builds on these reforms with an emphasis on the educational needs of our youngest children. The Administration is sponsoring a series of initiatives for preschoolers and children in the early elementary grades which will integrate services for children at the school.

## Children's Initiatives

The children of California are our most important resources and responsibility. By the year 2000, the population of California children will rise to 8.7 million, a 22 percent increase. This includes a growing number of children from low-income families, single parent homes

**Table 6-1**  
**Total Revenue for K-12 Education**  
**1983-84 through 1991-92**  
**(Dollars in Millions)**

<i>Source of Funds</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91 *</i>	<i>1991-92 *</i>
State General Fund.....	\$8,930	\$9,992	\$11,072	\$12,245	\$12,632	\$13,841	\$14,682	\$15,480	<b>\$16,259</b>
Lottery Fund .....	-	-	556	411	651	834	789	614	<b>614</b>
Other State Funds.....	28	230	84	357	799	80	122	66	<b>76</b>
Federal Funds.....	1,202	1,197	1,256	1,355	1,445	1,507	1,681	1,789	<b>1,759</b>
Local Property Taxes .....	2,541	2,867	3,195	3,484	3,786	4,117	4,521	5,014	<b>5,496</b>
Local Debt Service Taxes.....	444	425	391	337	311	302	303	305	<b>307</b>
Local Miscellaneous.....	803	861	953	976	1,427	1,696	1,906	2,025	<b>2,151</b>
<b>TOTAL REVENUE .....</b>	<b>\$13,948</b>	<b>\$15,572</b>	<b>\$17,507</b>	<b>\$19,165</b>	<b>\$21,051</b>	<b>\$22,377</b>	<b>\$24,004</b>	<b>\$25,293</b>	<b>\$26,662</b>

\* Estimated

and recent immigrants. Many face enormous barriers to a quality childhood and education. Among those most in need of assistance are substance abused children who are born addicted to drugs or alcohol.

Traditional delivery of program services has proven insufficient to address these severe challenges to the well-being of our children. Our systems of health care, nutrition services, day care, and child development should be organized in such a manner that the responsible agencies and our schools are thoroughly integrated in an effective effort to address these problems. The Governor's Budget has set aside funding for new initiatives designed to achieve this integration of agency operation with the school serving as the focal point of preventive service delivery. All of these initiatives underscore the use of preventive programs to help ensure the success of all children. Providing preventive services at an early age has proven to be more successful and cost-effective than relying upon remedial measures. The Governor's Budget has set aside funding to be included in legislation to implement new programs for children along with funding to expand existing programs as follows.

**Preschool Reform and Expansion.** Significant developmental benefits are afforded children who attend preschool. This Administration is committed to a policy of providing preschool services for every low income four year old so that *all* children are able to benefit. The Governor's Budget proposes funding for the first year of a five-year effort to reach that objective. The Budget sets aside \$50 million in General Fund support which will be complemented by an estimated \$35 million increase in federal Head Start funds and funding of up to \$70 million from a new federal child care block grant program. To ensure the quality of the program, this expansion will be accompanied by legislation which will seek to modify the

state subsidized preschool program to more closely match the standards of the Head Start program. Additionally, the legislation will modify the staffing ratios of all the child development programs so that more children can be served with these resources.

**Healthy Start.** All children should have the support necessary to ensure their ability to learn in the classroom. To that end, the Governor's Budget sets aside \$20 million to be included in legislation to establish a Healthy Start program in elementary schools. This program will provide funding to school districts to arrange for local coordination and integration of health and social services for children, with an emphasis on prevention. This function is envisioned as a referral and linkage service, as opposed to direct service provision.

**Early Mental Health Counseling.** The Governor's Budget sets aside \$10 million for early mental health counseling. This Administration is committed to providing mental health counseling to children from the point of entry into the school system and throughout the elementary grades, so that serious problems inherent in a child's personal development and environment can be detected and treated. Dealing with mental health problems early in a child's life can lead not only to more productive learning, but also to a more productive life. This program will be established as a state/local matching program for school site personnel to either provide the counseling directly or provide the referrals for service provision in the local community.

**Volunteer and Mentor Corps.** Every child needs the support of a caring adult to succeed in school. For most children, that adult will be a parent, but for some, the support will have to come from outside the home. The Governor's Budget sets aside \$5 million for school districts to establish programs that will recruit and train

Figure 6-A

Total Revenue for K-12 Education  
(Dollars in Billions)

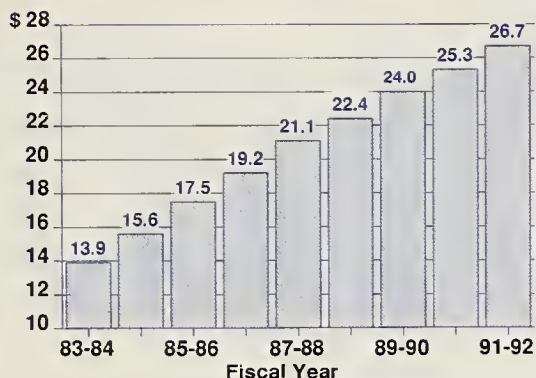
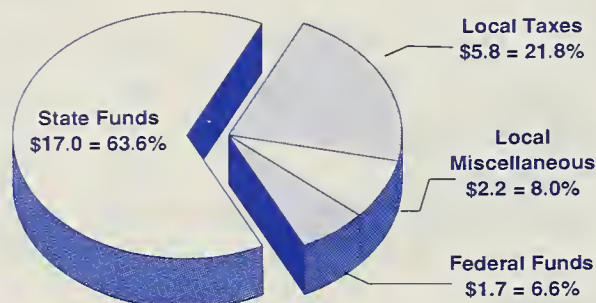


Figure 6-B

Revenue for California's K-12 Schools  
Source of Revenues

(Dollars in Billions)





**Table 6-2**  
**K-12 Expenditures per Student <sup>1</sup>**

	<i>K-12 Expenditures per Student (Dollars)</i>	<i>GNP Deflator 1991-92 = 100)</i>	<i>Real K-12 Expenditures per Student (in 1991-92 Dollars)</i>
1970-71.....	\$829	31.1	\$2,666
1971-72.....	925	32.8	2,820
1972-73.....	1,011	34.4	2,939
1973-74.....	1,219	37.1	3,286
1974-75.....	1,290	40.9	3,154
1975-76.....	1,452	44.2	3,285
1976-77.....	1,576	46.9	3,360
1977-78.....	1,777	50.1	3,547
1978-79.....	1,849	54.3	3,405
1979-80.....	2,066	59.0	3,502
1980-81.....	2,224	64.8	3,432
1981-82.....	2,391	70.1	3,411
1982-83.....	2,398	73.6	3,258
1983-84.....	2,623	76.2	3,442
1984-85.....	2,928	78.8	3,716
1985-86.....	3,272	80.9	4,044
1986-87.....	3,442	83.4	4,127
1987-88.....	3,554	85.8	4,142
1988-89.....	3,807	89.3	4,263
1989-90.....	3,947	92.8	4,253
1990-91.....	4,026	96.6	4,168 <sup>2</sup>
1991-92.....	4,076	100.0 <sup>2</sup>	4,076 <sup>2,3</sup>

<sup>1</sup> Includes local assistance expenditures from the General Fund, Lottery Funds, State School Fund, and Local Property Taxes.

<sup>2</sup> Estimated.

<sup>3</sup> The Lottery Commission does not make projections beyond the current year; therefore, the 1991-92 estimated Lottery revenues are held constant from 1990-91.

NOTE: Data includes both Proposition 98 and non-Proposition 98 expenditures.

provided to expand the research program at the San Francisco Diagnostic Center to develop alternative educational strategies for children exposed to drugs during prenatal development.

**Early Intervention for School Success.** This program provides early screening and assistance for children in kindergarten and the first grade with developmental delays. This preventive program reduces the number of referrals and placements in special education and the number of grade level retentions. The Governor's Budget includes \$1 million to expand the services of this program.

**New Pupil Testing Program.** The Demonstration of Restructuring in Public Education program is based on a developing consensus that schools can best improve when the education system is structured such that it is accountable for results rather than simply for compliance with rules. The former California Assessment Program was effective in providing some information on school and district performance, but lacked the end-of-course competency exams and individual pupil scores that would allow this new vision of school improvement to happen.

The 1991-92 Governor's Budget sets aside \$10 million for development and implementation of a new pupil testing program which will: 1) include the capacity to produce individual pupil scores demonstrating how well each child has learned at selected grade levels and sub-

volunteers to assist in the classroom or to provide mentors, such as retired business executives, to guide and motivate the child outside the classroom.

**Substance Abused Infants and Children.** This Administration recognizes the staggering costs, both in terms of human suffering and tax dollars, associated with the infants born to mothers who abused drugs during pregnancy. For many of these infants, a lifetime of diminished capacity awaits them. In order to prevent the use of drugs and alcohol during pregnancy, to end needless human suffering, and to achieve long-term savings to the state, the Governor's Budget provides \$4 million to implement educational programs to develop curriculum and provide instruction on the harmful effects of drug abuse during pregnancy. In addition, \$100,000 is

subjects, 2) include end-of-course exams which will measure against fixed standards whether or not, and how well, pupils have learned material included in curriculum frameworks, and 3) yield results which can be reported in terms which have common statewide meaning.

**Secretary for Child Development and Education.** To continue to ensure the well-being of California's children, the Governor has created a new cabinet-level post. The Secretary for Child Development and Education, will make recommendations to the Governor regarding necessary program reforms and legislation to facilitate the integration of social services, health services, mental health services, and other necessary support in the public schools. Additionally, the Secretary will



chair the newly established Inter-Agency Council for Child Development, which will report its findings and recommendations to the Governor in 1992.

## Other Highlights of the K-12 Budget

The new funding included in the proposed 1991-92 Governor's Budget will provide \$635 million for enrollment increases at school districts and county offices of education as well as approximately \$188 million for statutory growth increases in K-12 categorical programs as follows.

- \$95.3 million in statutory population growth for special education classes, infant instructional programs and other program areas.
- \$42.5 million for the full funding of expected increases in year-round school grants, pursuant to Chapter 1261/90.
- \$14.3 million to fund statutory growth in the population served by the School Improvement Program.
- \$9 million to provide growth funding for the Economic Impact Aid program.
- \$7.2 million to provide 2.5 percent statutory growth funding of Adult Education programs.
- \$4.5 million in statutory growth for the instructional materials program in grades K-8 and \$1.1 million for grades 9-12.
- \$3.1 million to reflect a statutory growth increase for regional occupation centers and programs.
- \$3.1 million in statutory growth funding for the child nutrition program.
- \$3.1 million in statutory population growth for child development programs.
- \$1.3 million to provide statutory growth funding for the Gifted and Talented Education (GATE) program and \$2 million to fully fund new GATE districts.
- \$1.2 million for statutory growth in staff development programs.
- \$1.2 million for statutory growth in court-ordered desegregation programs.
- \$382,000 for the 10th Grade Counseling program to reflect 10th grade enrollment.

Additional major increases include:

- \$5 million for the year-round school implementation grants.
- \$21 million for a new high school behind-the-wheel driver training program.
- \$11 million for Home-To-School Transportation that has been transferred from School Apportionments for Small School District Transportation Aid pursuant to Chapter 1601, Statutes of 1988.
- \$2.8 million to partially restore the unallocated reduction in the Department of Education state operations 1990-91 Budget.
- \$1 million to restore funding for the California International Studies Program.
- \$70.5 million federal funds to expand compensatory educational services to Neglected and Delinquent children.
- \$15 million from the Tobacco Surtax Fund, Health Education Account to provide tobacco use prevention programs.
- \$416,000 from the Foster Youth and Parent Training Fund to fund two new Foster Youth Services program sites.

## Other Program Areas

**Cost-of-Living Increases.** Pursuant to provisions of the Education Code, most K-12 programs are authorized to receive statutory cost-of-living adjustments (COLAs). However, due to the major shortfall in General Fund revenues, the Governor's Budget does not include any COLAs in 1991-92.

**Teacher Compensation.** Attracting and retaining high quality teachers is essential to the continued improvement of our schools. Historically, the salaries of California teachers have been among the highest in the nation. The average salary for California public school teachers at \$37,625 in 1989-90, is the fourth highest of the fifty states according to the American Federation of Teachers. Moreover, when teacher salaries are adjusted for interstate cost-of-living differences, California teacher salaries rank second in the nation. Beginning teacher salaries at \$22,780 are the fifth highest among the fifty states.

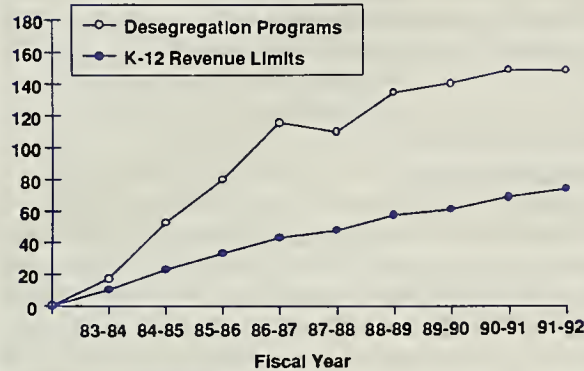
**Desegregation Programs.** School districts receive state desegregation program funds either to comply with a court-ordered desegregation program or to implement a voluntary program. Currently, there are 14 school districts with court-ordered desegregation programs and 46 districts with voluntary programs. School district desegregation programs are designed to integrate schools through voluntary busing or magnet schools. Alternatively, if meaningful integration cannot be achieved because a school district primarily is composed of minority pupils, desegregation programs provide compensatory educational services in high-minority schools. The large majority of California desegregation programs fall into the compensatory education category and desegregation program funds are used to reduce class size, purchase additional instructional materials as well as for school remodeling, field trips and child care services.

State funding reimburses most of a school district's desegregation program costs. School districts with court-ordered programs are reimbursed for 100 percent of base program costs and 80 percent of the costs of

Figure 6-C

**K-12 Desegregation Programs Funding  
Compared with Growth in K-12 Revenue Limits**

(Cumulative Percent Increase)



program expansion. School districts with voluntary programs are reimbursed for 80 percent of specified base year costs. Both programs also receive funding increases for growth in enrollment. These reimbursement rates, which require a 20 percent local match or less, have acted as a strong incentive for school districts to expand or establish desegregation programs. The cost of desegregation programs has increased at the greatest rate of any K-12 program since 1983-84 and far in excess of the overall growth rate for K-12 revenue limits. (see Figure 6-C.) The Governor's 1991-92 Budget includes \$439.4 million for court-ordered programs and \$76.1 million for voluntary programs for a total of \$515.5 million.

**Immigration Reform and Control Act (IRCA).** Approximately 1.6 million undocumented aliens have applied for temporary legalization status in California under the terms of Public Law 99-603, the Immigration Reform and Control Act of 1986. Federal funds (known as State Legalization Impact Assistance Grant (SLIAG)) are provided to assist states and local governments with costs they may incur in providing public health, public assistance or educational services to newly legalized persons. The State Department of Education is responsible for distributing SLIAG funds to local school districts, community colleges and community-based organizations to provide necessary educational services, primarily English-as-a-Second-Language (ESL) and civics instruction.

These newly legalized persons must submit a new application for lawful permanent residency status within a specified period after having been granted temporary legalization. At the time of the interview for permanent residency, individuals who have been in the United States since 1982 must demonstrate to the Immigration

and Naturalization Service that they meet naturalization standards with respect to having achieved a minimal understanding of basic English and the history and government of the United States, or that they are making satisfactory progress in an approved course of instruction. Individuals who have qualified as seasonal agricultural workers are exempt from these educational requirements but still comprise about 17 percent of the newly legalized population who have attended special English and civics classes. As of June 1990, it is estimated that 100,000 priority students still require instruction. As of June 1990, over 515,000 certificates have been awarded for completion of the coursework needed for permanent residency.

Due to a reduction in SLIAG grants nationwide, California's 1990-91 SLIAG authorization has been reduced by \$42 million. Educational services have shared proportionately in this reduction whereby 1990-91 funding has been reduced from \$126.6 million to \$95.8 million. The Governor's Budget proposes to allocate \$36 million for educational services from SLIAG funds in 1991-92. Over the two years sufficient SLIAG funds is available to ensure that all priority students are served.

**Attendance Accounting.** A fair and reasonable student attendance accounting system serves the Administration's goal of providing students the best education possible and assuring school accountability. Current law provides for a fair and reasonable standard of measurement. Simply stated, a student must attend class a minimum of four hours to be considered in attendance.

Yet, existing administrative regulations conflict with the law and its intent. Under these regulations, a student is considered to have met the requirement if he or she is present for any part of the day.

Accordingly, the Legislature required the State Department of Education to develop methods to confirm student attendance that adhere to the law. The State Department of Education also was required to advise schools that future changes in attendance accounting might be required as a result of the Department's study and recommendations.

This budget is predicated on adherence to the law and seeks to eliminate any existing confusion about proper student attendance accounting. It is intended that adherence to the current attendance accounting law will enhance student attendance and will not impose significant additional administrative or financial burdens upon schools.

**Mentor Teacher Program.** Under current law, up to five percent of classroom teachers may be designated as mentor teachers, and stipends are provided to those mentors to assist new teachers and improve school curriculum. The Governor's Budget proposes a one-year suspension of the stipend awards. This suspension is proposed due to the serious financial constraints imposed on the state budget and the understanding that these stipends are one-time bonuses in nature, rather



than ongoing compensation for teachers. It is intended that the funding resume in 1992-93.

**School Improvement Program.** The School Improvement Program (SIP) is a key element of the K-12 education reform effort designed to involve parents, teachers and the community to improve all students' learning of the core curriculum. State funding enables districts and schools to develop school improvement plans and provides additional support to implement those plans. Participating schools undergo independent program quality reviews every three years to ensure the continued effectiveness of school improvement efforts.

Approximately 89 percent of the average daily attendance in grades K-6 is in schools which participate in the School Improvement Program. Approximately 29 percent of the average daily attendance in grades 7-12 also is in schools which participate in the program. The Governor's Budget includes \$14.3 million to fund statutory growth in the program.

**Gifted and Talented.** The Gifted and Talented Education (GATE) program allows districts to provide supplemental educational services to pupils identified as gifted and talented according to state and district criteria. Supplemental services include advanced placement courses, pull-out workshops, specialized field trips, and other extra-curricular activities. GATE is the successor of the Mentally Gifted Minor program and includes pupils from culturally diverse and economically disadvantaged backgrounds. The proposed 1991-92 Governor's Budget includes an additional \$2 million for the Gifted and Talented Education (GATE) program to fully fund the 413 programs established in 1989-90. A total of 830 districts now participate in the GATE programs providing services to over 250,000 pupils. The Governor's Budget also proposes an additional \$1.3 million for overall program growth for a total funding level of \$32.7 million.

**Foster Youth Services.** The Foster Youth Services (FYS) program currently provides school-based direct services to foster youth in four school districts. The Governor's Budget proposes an additional \$415,000 to expand the program to two additional sites, one serving educationally disadvantaged youth in an urban area and one serving rural youth from a consortium of small rural districts. The FYS program assists foster youth who, as a group, are at high risk of dropping out of school. Evaluations have shown that upon entering the program, pupils dramatically increase their attendance rate and increase their units earned per semester by an average of 50 percent. Moreover, FYS pupils are much less likely to be incarcerated than other foster youth. While youth from foster backgrounds constitute approximately 38 percent of California's incarcerated youth population, FYS pupils have an incarceration rate of less than one percent.

**Supplemental Grants.** The Supplemental Grants program was established in 1989-90 as a part of the Proposition 98 implementation legislation. The program is designed to help equalize categorical funding among California's school districts to better ensure that all California students have equal educational opportunities. Grants are awarded to school districts which receive less than the average level of funding from existing state programs. Funds must be used to expand or implement one or more of 27 categorical programs. In 1990-91, \$185.4 million was appropriated for this program. The same level of funding is proposed to be continued in 1991-92.

**Special Education.** The primary goal of the special education program, under both federal and state law, is to provide a free, specialized public education that meets the needs of disabled students as adequately as the needs of regular students are met. The 1991-92 Governor's Budget proposes a statutory increase of \$95.3 million for growth in special education instructional personnel service units, special education infant program units and other program areas.

In addition, the Governor's Budget includes augmentations of \$318,000 for Second Language Institutes, \$150,000 for the analysis of data on special education students, and \$200,000 to conduct several pilot projects in the regionalization of programs for students with low incidence disabilities. Funding for special education since 1984 is displayed in Table 6-3.

**Child Care and Development.** The Department of Education administers a variety of subsidized child care and development programs which provide direct and indirect services to children from low-income families and those with special needs. These programs are designed to enhance the physical, emotional and developmental growth in participating children, as well as assist families to become self-sufficient by enabling parents to work or receive employment training. These programs currently serve an estimated 120,000 children. The State Preschool Program provides services to an additional 21,200 children.

The 1991-92 Governor's Budget proposes \$3.1 million in statutory population growth for child care programs. Also, as noted earlier, \$50 million has been set aside for legislation to expand the preschool program. In addition, funding of \$124,000 is included for staff development to assist providers in caring for bilingual children and \$92,000 for the Los Angeles Respite Care Pilot Programs established in legislation in 1990 (AB 3552). These funds will be provided from child care carryover amounts.

Legislation also will be proposed to change the child development adult/child ratio to 1:10. This adjustment to the staffing ratio will permit existing funding levels to provide services to an additional 4,300 children.



## K-12 School Facilities Program.

Historically, public K-12 school districts had the primary responsibility for financing their own school construction. Financing resources were derived primarily from the sale of local general obligation bonds or loans from the state. The loans were provided from the proceeds of State School Building Aid bond sales, which districts repaid by levying additional property taxes. However, since the passage of Proposition 13 in 1978, the state has assumed an increased responsibility for school construction needs.

**Majority Vote on Local Bonds.** To reverse that trend, the Administration supports an amendment to the constitution that would allow for a local majority vote approval for general obligation bonds. Such a policy is a part of the local/state restructuring effort that this Administration intends to pursue. However, since such a change could not be voted on by the electorate until 1992, the existing program will continue until such a change can be enacted.

**State School Building Lease-Purchase Program.** Under the State School Building Lease-Purchase program, the State Allocation Board provides grant funds to local school districts for construction and reconstruction of schools. The main source of funding for this program is revenue from the sale of state general obligation bonds (\$4.950 billion since 1982). Most recently, two bond measures, of \$800 million each, were approved by the voters on the June and November 1990 ballots. Legislation enacted in 1986 included authority for districts to assess fees on new residential and commercial development for the purposes of school construction.

Since 1986, over \$348 million in developer fees have been reported by districts, which has been included as revenue to the Lease-Purchase program.

Other school facility programs administered by the State Allocation Board include the Emergency Portable Classroom program, and the State School Deferred Maintenance program. Since 1983, over \$215 million has been provided for emergency portable classrooms, and has resulted in the placement of 5,493 additional classrooms statewide. During this same period, the State Allocation Board also provided over \$638 million to districts for deferred maintenance projects.

**Year-Round Schools.** Legislation in 1986 also authorized incentive payments to school districts operating on a year-round school (YRS) basis. These payments were intended to encourage the use of existing facilities to reduce the demand for new school construction. Because that intent was not being met, legislation was enacted to repeal the existing program and implement two new YRS grant programs. The first program will provide one-time implementation grants to assist school districts in converting to multitrack YRS, while the second program will provide ongoing grants for the operation of multitrack YRS programs based on increased utilization of existing school facilities. A major component of this legislation requires a reduction to a district's eligibility for new school construction funding if it receives operations grant funds. The 1991-92 Governor's Budget proposes \$5 million for the implementation grants, and \$77.9 million for the operations grants.

**Table 6-3**  
**Special Education Funding**  
**(Dollars in Millions)**

	<i>General Fund</i>	<i>Expenditures *</i>	<i>Real Dollars per GNP Deflator</i>	<i>Number of Pupils</i>
1983-84	\$728.7	\$1,257.2	\$1,649.9	361,000
1984-85	775.4	1,339.5	1,699.9	366,000
1985-86	878.7	1,482.4	1,832.4	375,000
1986-87	1,004.8	1,641.2	1,967.9	378,000
1987-88	1,086.7	1,765.9	2,058.2	380,000
1988-89	1,208.1	1,925.3	2,156.0	412,000
1989-90	1,310.4	2,073.7	2,234.6	432,000
1990-91	1,426.2	2,218.0	2,296.1	453,000
<b>1991-92</b>	<b>1,478.9</b>	<b>2,329.6</b>	<b>2,329.6</b>	<b>472,000</b>
Percentage change				
1983-84 to				
1991-92	102.9%	85.3%	41.2%	30.7%

\*Includes General Fund, local revenues, and federal funds.

Existing law authorizes the State Allocation Board to allocate funds to school districts for air-conditioning equipment and insulation materials for K-12 schools operating on, or converting to, a year-round basis. The June and November 1990 School Facilities Bond Acts authorized a total of \$80 million in bond funds for this program.

### **State Contributions to the State Teachers' Retirement System**

The State Teachers' Retirement Fund, according to the actuarial valuation completed in July 1983, had an unfunded liability of \$13.5 billion. The state has consistently funded the contribution required by Chapter 282, Statutes of 1979 (AB 8). This increased contribution together with a successful investment program has reduced the unfunded liability to \$10.2 billion. As part of legislation to implement the 1990-91 Budget, Chapter 460, Statutes of 1990 (SB 1370), repealed the AB 8 contributions, and effective July 1991 replaced them with a General Fund Contribution based on 4.3 percent of prior year member payroll. This is consistent with Governmental Accounting Standards Board objectives to reduce or eliminate intergenerational transfers of pension expenses. The Governor's Budget proposes an appropriation of \$470 million for the 1991-92 fiscal year pursuant to the provisions of Chapter 460.

#### **Teachers' Retirement Fund Portfolio Growth.**

Legislation enacted in 1982 required that the investment management of the Teachers' Retirement Fund be separated from the Public Employees' Retirement Fund by July 1, 1983. This required that the State Teachers' Retirement System establish the staff and structure to manage its portfolio of \$10.9 billion market value (\$10.1 billion book value). The majority of the structure is now in place and the portfolio has grown to a total of \$30.1 billion market value (\$29.3 billion book value) as of September 1990. For the five-year period ending September 30, 1990, the Teachers' Retirement Fund's average annualized rate of return on investments was 12.2 percent which ranks the Teachers' Fund in the top quartile of return on investments for pension funds.

**Purchasing Power Protection.** Since 1973, retired teachers have received an annual two percent increase in their benefits to compensate for inflation. Despite this increase, many teachers have experienced a reduction in their ability to purchase goods and services with their fixed incomes.

Chapters 115 and 116 Statutes of 1989 (SB 1407 and SB 1513) established a permanent funding mechanism intended to maintain retired teacher's purchasing power at a minimum of 68.2 percent.

The Governor's Budget proposes a General Fund appropriation of \$117 million and \$4 million in state lands royalties for transfer to the purchasing power account within the Teachers' Retirement Fund. The proposal will benefit an estimated 58,501 retired teachers.

### **Lottery**

The Lottery Initiative, as approved by California voters in November 1984, provides that 50 percent of the proceeds from lottery ticket sales be paid out as lottery prizes and that no more than 16 percent of the proceeds be used for administrative costs. The remainder of the proceeds (at least 34 percent of the total) is placed in a special fund, known as the California State Lottery Education Fund, to be used for public education. Typically, the amount going to education has been 36 percent to 38 percent of the total proceeds.

The Lottery Act and subsequent legislation provide for considerable discretion on how lottery funds may be used. Lottery funds may be used for any instructional or educational use except for school site purchases, construction, research, or any other non-instructional purpose.

Since it began generating revenues in 1985, the California lottery has generated over \$4 billion for public education in California including K-12 and higher education. Funding is distributed to local school districts based on attendance. Funding also is provided to state agencies which provide direct elementary and secondary instruction and to institutions of higher education. Quarterly disbursements are made from the State Controller's Office directly to county treasurers and eligible state programs, with no further control of the funds by the state.

The Lottery Commission reported declining ticket sales in 1989-90 attributable in part to the slowing economy and in part to a drop in consumer interest in Lotto consistent with a pattern established in other states using Lotto. The Commission has introduced new products to stimulate consumer interest and has reported a stabilization in ticket sales. However, the unpredictable nature of the lottery and current economic conditions warrant conservative estimates of the future revenue amounts generated by the lottery for education. In 1990-91, the lottery is expected to generate over \$760 million for public education. (see Table 6-5) Although these figures reflect the downward trend in sales of lottery tickets, this funding will generate \$123 per California student.

The California State Lottery has provided over \$3.5 billion dollars to K-12 education since 1985 and is expected to generate over \$613.5 million in 1991-92 for California's public schools. This amounts to approximately \$123 per California pupil. The funds are used to augment, rather than replace, funds already allocated for public education and schools have wide discretion as to how lottery money is spent. For 1988-89, the latest year for which data is available, schools spent 65 percent of their lottery money on salaries and benefits, 10.5 percent on books and supplies, 9.3 percent on services such as staff development and field trips, 11.8 percent on instructional and playground equipment, and 3.4 percent on other expenditures.



Table 6-5

**Lottery Revenues****(Dollars in Millions)**

	<i>1989-90</i>	<i>1990-91</i> <sup>1</sup>	<i>1991-92</i> <sup>2</sup>
K-12 Education .....	\$788.80	\$613.54	<b>\$613.54</b>
California Community Colleges .....	122.43	95.23	<b>95.23</b>
The California State University .....	42.99	33.44	<b>33.44</b>
University of California .....	24.11	18.75	<b>18.75</b>
Hastings College of the Law .....	.21	.16	<b>.16</b>
California Maritime Academy .....	.06	.05	<b>.05</b>
Department of the Youth Authority .....	1.00	.78	<b>.78</b>
Department of Devel- opmental Ser- vices .....	.77	.60	<b>.60</b>
State Special Schools .....	.14	.11	<b>.11</b>
Total .....	\$980.51	\$762.66	<b>\$762.66</b>

<sup>1</sup> Based on Lottery Commission projections.<sup>2</sup> The Lottery Commission does not make projections beyond the current year; therefore, the 1991-92 estimated Lottery revenues are held constant from 1990-91.





# Higher Education

California's higher education system is renowned and admired throughout the world. In order to maintain the excellence of California's higher education system in the current fiscal environment, the 1991-92 Budget assumes that student fees of all segments will increase 20 percent. The Governor's Budget proposes to fund all new enrollment growth.

Opportunity for all is provided by our three public segments of higher education: the California Community Colleges, which are open to all adults able to benefit from instruction; the California State University, a multi-purpose institution with an emphasis on teaching; and the University of California, a research institution. This system and moderate student fees have led Californians to attain a high rate of college attendance. Investment in higher education is critical to our future, since our social and economic well-being depend on an educated citizenry.

Commitment to higher education has been a tradition in California. In 1988-89 (the latest year for which data are available), California ranked eighth in state funding per person (based on total state population) for higher education, spending \$175 per person versus the national average of \$146 (based on data from the "Almanac of Higher Education, 1989-90").

The 1991-92 Budget proposes \$38.9 million for new enrollment growth of 7,329 full-time equivalent students in the four-year public institutions, and \$36.9 million for 16,461 units of average daily attendance (ADA) in the Community Colleges (see Table 7-1). Even with the 20 percent increase proposed for resident student fees, California fees compare very favorably with fees in other states (see Figures 7-A, 7-B and 7-D). In addition, \$31.3 million in new funds for financial aid is provided to defray the increased fee costs for needy students.

From 1990-91 to 1991-92, funding for public higher education will have increased by \$263.8 million (see Table 7-2). The number of students receiving grants from the Student Aid Commission to attend public and private institutions will increase to 80,500, or 1.6 percent over 1990-91.

Failure of the November 1990 Higher Education Facilities Bond Act (Proposition 143) has limited the funding available for construction of classrooms and other facilities, especially new projects. The 1991-92 Budget proposes a total of \$385 million for construction projects, primarily to complete those projects which were initiated in previous budgets.

**Table 7-1**  
**Higher Education**  
**Full Time Equivalents (FTE)**  
**or Average Daily Attendance (ADA)**

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
University of California .....	130,822	133,705	136,928	141,776	145,983	150,020	152,863	154,101 <sup>1</sup>	155,710
California State University .....	241,549	242,295	248,025	252,331	257,839	267,451	272,608	274,500 <sup>2</sup>	280,220
California Community Colleges <sup>3</sup> .....	664,002	644,581	634,879	654,175	679,234	700,443	720,623	738,291	752,189 <sup>4</sup>
Hastings College .....	1,474	1,494	1,463	1,466	1,341	1,341	1,347	1,325 <sup>1</sup>	1,225
California Maritime .....	466	441	406	352	337	358	376	400 <sup>1</sup>	400
Total Students .....	1,038,313	1,022,516	1,021,701	1,050,100	1,084,734	1,119,613	1,147,817	1,168,617	1,189,744

<sup>1</sup> Budgeted.

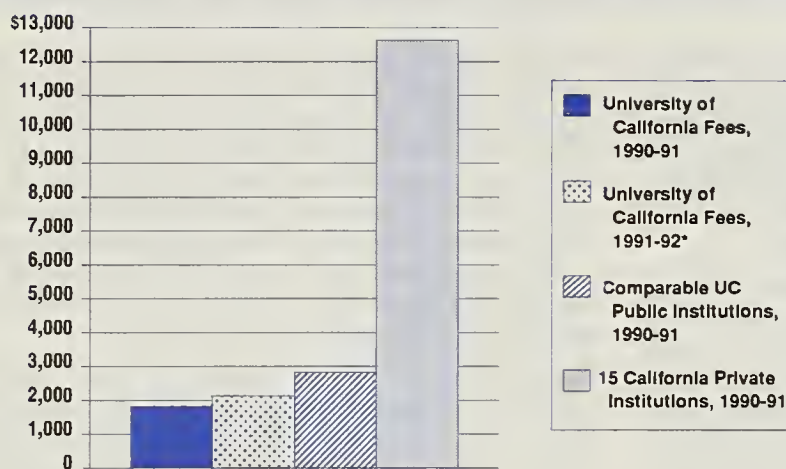
<sup>2</sup> Budgeted. Estimated Actual 1990-91 enrollment is 278,722 FTE.

<sup>3</sup> ADA used for Community Colleges.

<sup>4</sup> The increase over 1990-91 of 13,898 ADA represents a combination of new growth ADA of 16,461 and an ADA reduction due to one-time ADA funding available through a reappropriation in 1990-91.

**Figure 7-A**

**University of California  
Comparison of Resident Fee and Tuition Levels  
at Comparable Universities  
and California Private Institutions**



\*Assumes no increase in student-imposed fees

and professional education. One campus at San Francisco is devoted exclusively to the health sciences. UC has the primary jurisdiction for instruction in law and graduate instruction in medicine, dentistry, and veterinary medicine and also has the sole authority to award doctoral degrees in all fields. Joint doctoral degrees with the California State University may also be awarded.

Currently, UC enrolls over 154,000 individual students and offers more academic programs consistently rated among the top ten nationally than any other public or private university. UC awards over 35,000 baccalaureate and graduate degrees annually. UC's five teaching hospitals train health care professionals while treating thousands of patients each day. The 1991-92 Budget proposes total funding of \$2.7 billion for UC, an increase of 2.9 percent over 1990-91.

**Student Enrollment.** There has been a steady increase in demand for admission to the University during the past several years among general campus undergraduate and graduate students eligible for

admission. For 1991-92, \$9.7 million and 210 positions are proposed to accommodate an additional 1,609 full-time equivalent (FTE) undergraduate students. These additional students represent an increase in enrollment

**University of California**

The University of California (UC) was founded in 1868 as a public, state-supported land grant institution. There are currently nine campuses located throughout the state. All of the UC campuses offer undergraduate, graduate

**Table 7-2**

**Higher Education Expenditures  
General Fund, Lottery Funds, State School Fund,  
Local Revenues and Student Fees**

(Dollars in Millions)

	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
Univ. of California <sup>1</sup> .....	1,375.7	1,713.3	1,947.8	2,073.2	2,230.5	2,367.1	2,560.5	2,669.7	<b>2,747.4</b>
Calif. State University.....	1,209.5	1,428.2	1,541.7	1,628.9	1,735.3	1,830.9	2,015.6	2,105.8	<b>2,108.8</b>
Calif. Community Colleges.....	1,734.8	1,929.3	2,246.9	2,237.1	2,419.4	2,654.7	2,861.0	3,117.1	<b>3,237.7</b>
Student Aid Commission.....	81.1	90.8	105.8	112.1	118.1	129.2	152.6	160.1	<b>167.1</b>
Other Higher Ed. <sup>2</sup> .....	42.4	45.9	48.3	45.9	62.9	59.5	72.2	85.6	<b>141.1</b>
<b>Total Funds.....</b>	<b>\$4,443.5</b>	<b>\$5,207.5</b>	<b>\$5,890.5</b>	<b>\$6,097.2</b>	<b>\$6,566.2</b>	<b>\$7,041.4</b>	<b>\$7,661.9</b>	<b>\$8,138.3</b>	<b>\$8,402.1</b>

<sup>1</sup> For purposes of this table, expenditures for the University of California have been adjusted to include student fees and other offsetting income. This provides consistency in comparing magnitudes and growth among the various segments of education.

<sup>2</sup> The Other Higher Education amount includes General Obligation Bond Interest and Redemptions and Interest on PMIA Loans for UC, CSU and HCL; California Postsecondary Education Commission; Hastings College of the Law; and California Maritime Academy.



of 1.0 percent over 1990–91, and will bring total FTE enrollment to 155,710. This total comprises 143,688 FTE students at the general campuses and 12,022 FTE students in the health sciences.

**Research.** Faculty at the University of California engage in three major activities: instruction, research, and public service. These activities are closely interwoven and mutually beneficial. For example, new research programs have created whole new industries such as microelectronics, and biotechnology, and promise major contributions to the state's economy in the future. Furthermore, UC research efforts address immediate concerns of California in areas such as AIDS, earthquake engineering, toxic substances and renewable natural resources.

**Student Fees.** For 1991–92, a 20 percent increase is proposed in resident student fees. The proposed 20 percent fee increase will raise the systemwide fee for a full-time student from \$1,624 currently to \$1,949 in 1991–92. In addition to the mandatory systemwide fees, students are also required to pay student-imposed miscellaneous fees which in 1990–91 averaged \$196. The miscellaneous student fees at UC will remain at the same level in the budget year as in the current year (\$196), thereby resulting in a total resident student fee of \$2,145 in 1991–92. This fee level compares favorably with total resident fees at UC's comparable public institutions which average \$2,883 in 1990–91 (See Figure 7-A). Increasing fees by 20 percent is expected to provide additional revenue of \$35.8 million which will be used to support UC, after additional financial aid is provided for needy students.

A 20 percent increase is also proposed in nonresident tuition. This increase is expected to result in General Fund savings of \$14.9 million.

**Student Financial Aid.** In 1990–91, the state provided over \$45 million in direct financial aid for UC students. UC awards financial aid to needy students based on a national standard that takes into account parent and student income, parent and student assets, size of family, number of family members in college, and extraordinary medical and other expenses. In 1989–90, 70 percent of students who received state financial aid came from families with annual incomes of less than \$30,000. An additional \$8.4 million will be provided in 1991–92 for financial aid for students who cannot afford the fee increase. This new funding represents a 18.7 percent increase in the UC financial aid program. Additional state funds are provided through a number of programs administered on behalf of the state by the California Student Aid Commission, including Cal Grant A and B programs, the State Graduate Fellowship Program, and the pilot State Work-Study program. In 1991–92, the budget provides an additional \$8.7 million through the Student Aid Commission so that Cal Grants received by UC students will continue to fully cover UC fees (see California Student Aid Commission).

**Employee Compensation.** The 1991–92 Budget provides \$20.5 million to maintain employee health, dental, vision and life insurance benefits. This amount includes \$1.3 million for vision benefits for annuitants, in accordance with legislation enacted in 1990. Although no increase in faculty salaries is proposed, 1991–92 faculty salaries will have increased 58.3 percent over the past eight years, which exceeds the 42 percent increase in the California Consumer Price Index during the same period.

**Lottery Fund Expenditure.** UC lottery revenues and expenditures for 1991–92 are estimated at \$18.8 million. In the current year, UC is using its \$18.8 million allocation of lottery funds by budgeting \$8.8 million for instructional computing, \$8.6 million for instructional support, and \$1.4 million for reduction of the backlog of obsolete instructional equipment.

**Budget Adjustments.** Due to the extraordinary constraint on General Fund resources, the 1991–92 Budget proposes the following budgetary reductions: \$26.1 million in instructional equipment, research and administration; and \$73.3 million in unallocated reductions, including \$34.1 million resulting from implementing of the "trigger" mechanism.

In addition, UC's General Fund appropriation is being reduced by \$55 million to place the University funding methodology on a basis similar to other state agencies.

**Capital Outlay.** Another key element in ensuring the continued excellence of the University has been increased funding for capital improvements to recognize both a serious shortage of space related to enrollment growth and technological or functional obsolescence of existing space.

This funding has supported construction, renovation, and expansion of classrooms, laboratories and libraries as well as projects to renew infrastructure on the campuses and meet life safety requirements.

The 1991–92 Budget proposes a total of \$132.7 million for the University's capital outlay program.

State funds will be used to provide for:

- renovation and seismic upgrading of the Doe and Moffit Libraries at Berkeley,
- the Powell Library at Los Angeles,
- the conversion of soils and plant nutrition building at Riverside to the Graduate School of Management.

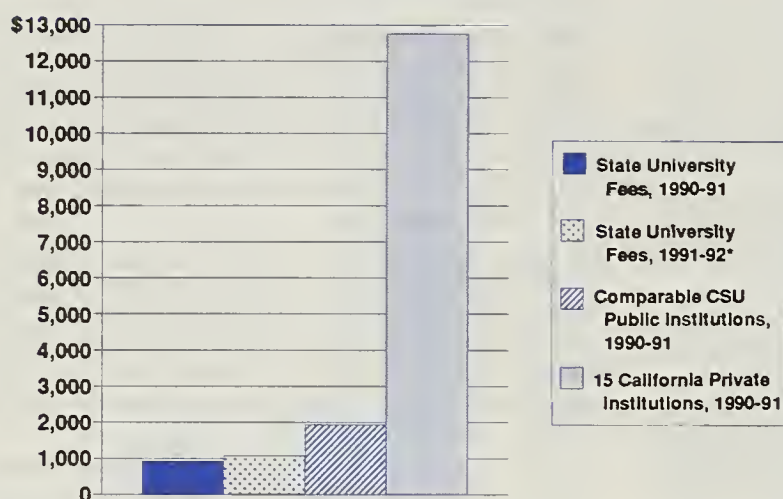
The Governor's Budget also proposes:

- construction of an engineering building at Irvine,
- a visual arts facility at San Diego,
- a fire alarm and life safety system at San Francisco,
- renovation of boilers at Riverside to meet local environmental requirements.

In addition, the Budget includes nine planning, working drawing and equipment projects.

**Figure 7-B**

**California State University  
Comparison of Resident Fee and Tuition Levels  
at Comparable Public and California  
Private Institutions**



\*Assumes no increase in student-imposed fees

increase will raise the systemwide fee for a full-time student from \$780 currently to \$936 in 1991-92. Students must also pay student-imposed fees that vary from campus to campus. If there is no change from the 1990-91 level of \$140 for campus fees, then the total fees that a resident student will pay in 1991-92 will be \$1,076. This fee level compares favorably with total resident fees at similar public institutions, which average \$1,937 in 1990-91 (see Figure 7-B). Increasing fees by 20 percent is expected to yield a total of \$32 million in General Fund savings, after additional financial aid is provided for needy students.

A 20 percent increase is also proposed in nonresident tuition. This increase should result in General Fund savings of \$4.3 million.

**Student Financial Aid.** CSU will be provided an additional \$12.6 million for financial aid. This new funding represents a 59 percent increase in the State University Grant program, and it will provide an additional 10,600 grants, increasing the number of awards by 26 percent. State University

Grants are awarded on the basis of financial need as measured by a national standard. For 1989-90, the average family income of State University Grant recipients was \$11,901. In addition, \$3.3 million has been provided through the Student Aid Commission so that Cal Grants received by CSU students will continue to fully cover CSU fees (see "Student Aid Commission").

**Building Maintenance and Facilities.** The 1991-92 Budget includes \$5.4 million and 115 new positions to maintain additional buildings (comprising 854,000 square feet) resulting from newly completed capital outlay projects. This amount includes funding for utilities and building maintenance staff. In addition, the budget provides a total of \$11.7 million for lease purchase payments on buildings constructed with revenue bond financing.

**Employee Compensation.** The 1991-92 Budget provides \$21.7 million to maintain employee health, dental, vision and life insurance benefits. This amount includes \$1.2 million for vision benefits for annuitants. Although no increase in faculty salaries is proposed, 1991-92 faculty salaries will have increased 60 percent over the preceding eight years, which exceeds the 42 percent increase in the California Consumer Price Index during that same period.

## California State University

The California State University (CSU) enrolls over 372,000 individual students (274,500 full-time equivalent students) and is the largest four-year system of higher education in the nation. CSU awards about 53,000 baccalaureate and graduate degrees annually. The 1991-92 Budget proposes total funding of \$2.1 billion for CSU, an increase of 0.1 percent over 1990-91.

**Enrollment.** For the past several years, CSU has experienced rapid enrollment growth. For 1991-92, \$29.2 million and 672 positions are proposed to accommodate an additional 5,720 full-time equivalent (FTE) students. These additional students represent an increase of 2.1 percent over 1990-91, and will bring the total FTE enrollment to 280,220.

**Student Services.** An additional \$5 million and 105 positions are provided for increases in student services. Of this amount, \$3.5 million and 60 positions are for increased services and financial aid grants in the Educational Opportunity Program, which serves economically disadvantaged students. Also included are \$773,000 and 24 positions to serve an increasing number of disabled students, and \$430,000 and 15 positions to assist students seeking financial aid.

**Student Fees.** For 1991-92, a 20 percent increase is proposed in resident student fees. The 20 percent



**Lottery Funds.** Lottery expenditures for 1991–92 are expected to be \$33.4 million. CSU allocates funds to a number of different programs in priority areas, based on consultation involving the campuses, the Academic Senate and CSU students.

**Budgetary Reductions.** Due to the constraint on General Fund resources, the 1991–92 Budget proposes the following budgetary reductions: \$15.3 million in instructional equipment and administration, and \$80.1 million in unallocated reductions, including \$27.9 million resulting from implementing of the “trigger” mechanism.

**Capital Outlay.** Continued enrollment growth in the State University system is being met by increases in capital construction. This effort is aimed at both the renovation and modernization of existing facilities and the construction of new facilities.

For 1991–92, the proposed funding level is \$140.5 million. This level of funding represents a considerable reduction from the current year due to the failure of the November 1990 Higher Education Facilities Bond Act (Proposition 143); the higher education construction program has had to be reevaluated and projects re-prioritized to meet the lower level of available resources.

The 1991–92 funds will be used to fund a variety of construction projects, including the:

- Walter W. Stiern Library at Bakersfield,
- Renovation of Ayres Hall at Chico,
- Education Building at Fresno, a classroom building at Fullerton, renovation of the Art and Education building at Hayward,
- Physical Education addition at Long Beach, renovation of electrical infrastructure at Northridge,

- Library addition at San Bernardino,
- A classroom building at San Francisco.

The Governor's Budget also includes renovation of boilers on seven campuses to meet local environmental requirements. In addition, the 1991–92 Budget includes 14 planning, working drawing and equipment projects.

## California Community Colleges

The California Community Colleges (CCCs), the largest postsecondary education system in the nation, are comprised of 71 districts with 107 campuses statewide. Individual CCC districts manage their own educational programs through locally-elected governing boards. At the state level, the Board of Governors provides leadership and direction through its policy making activities. The CCCs are open to all adults able to benefit from instruction and serve approximately 1.4 million students with an annual budget of approximately \$3.2 billion.

The community colleges meet diverse and changing local needs by providing a broad array of excellent and affordable educational opportunities including the following:

- Core education for transfer to four-year colleges
- Two-year degree programs
- Employment certificate programs
- Allied programs with business and government
- Basic skills programs and continuing education
- Community services programs

**Table 7–3**  
**Significant Revenue Sources For Community Colleges**  
**(Dollars in Millions)**

<i>Source of funds</i>	<i>1983–84</i>	<i>1984–85</i>	<i>1985–86</i>	<i>1986–87</i>	<i>1987–88</i>	<i>1988–89</i>	<i>1989–90</i>	<i>1990–91<sup>1</sup></i>	<i>1991–92<sup>1</sup></i>
State General Fund.....	\$1,117.2	\$1,165.0	\$1,233.9	\$1,285.2	\$1,373.6	\$1,516.4	\$1,631.5	\$1,778.4	<b>\$1,796.2</b>
Lottery Funds.....	—	—	85.4	57.4	96.8	126.9	122.4	95.2	<b>95.2</b>
Other State Funds.....	22.5	14.0	86.5	8.3	17.3	9.6	14.1	10.1	<b>9.7</b>
Student Fees <sup>2</sup> .....	—	62.6	66.1	67.0	65.4	66.2	67.2	69.0	<b>84.7</b>
Local Property Taxes ....	399.4	432.2	497.6	544.9	603.9	653.6	715.5	793.2	<b>865.8</b>
Local Miscellaneous .....	172.8	234.6	258.8	259.0	250.2	273.0	301.3	362.2	<b>377.1</b>
Local Debt Service .....	22.9	20.9	18.6	15.3	12.2	9.0	9.0	9.0	<b>9.0</b>
<b>TOTAL REVENUE.....</b>	<b>\$1,734.8</b>	<b>\$1,929.3</b>	<b>\$2,246.9</b>	<b>\$2,237.1</b>	<b>\$2,419.4</b>	<b>\$2,654.7</b>	<b>\$2,861.0</b>	<b>\$3,117.1</b>	<b>\$3,237.7</b>

<sup>1</sup> Estimated

<sup>2</sup> Excludes fees paid with BOG grants which are included in the General Fund amounts.



As Table 7-3 shows, total funding for the CCCs in 1991-92 is \$3.2 billion. Figure 7-C shows the funding sources and their proportionate contributions to the colleges.

**Proposition 98.** The passage of Proposition 98 and the enabling legislation (AB 198 and SB 98) resulted in additional funds being appropriated for community colleges for 1988-89 and 1989-90 in the amounts of \$51.5

2.25 percent. Language will be proposed to require that these funds be allocated by the Chancellor's Office for ADA growth, rather than district equalization and cost-of-living allowances. To provide additional access to the growing number of students seeking community college enrollment, the 1991-92 Budget contains \$5 million for basic skills courses and transfer program growth.

**Reserve.** For 1991-92, an apportionment reserve of \$10 million is proposed. Should local revenues be less than estimated in the Governor's Budget, this will provide an alternative source of revenue to fund the 2.25 percent ADA growth proposed by the Administration.

**Local Revenue.** Local property tax revenues in 1991-92 are projected to increase by \$72.6 million or 9.2 percent over 1990-91. In addition, the level of General Funds needed for 1990-91 apportionments are estimated to be \$20.1 million less than appropriated in the 1990 Budget Act due to an increased local revenue estimate for 1990-91. Therefore, legislation to capture these excess General Funds will be proposed.

For 1991-92, the Administration proposes a 20 percent increase in student enrollment fees from \$5 per unit (\$50 per semester maximum) to \$6 per unit (\$60 per semester maximum). As a result, local revenues will increase by an additional \$16.9 million which will reduce, by that level, the amount of General Fund needed to fund CCC apportionments. Offsetting this fee increase will be a \$2.4 million augmentation of financial aid for needy

students. It should be noted that enrollment fees for CCC students, a maximum of \$120 per year, would still be very affordable and are far less than the annual nationwide average fees of \$879 for community colleges during 1989-90. Figure 7-D compares California's annual enrollment fees to the annual nationwide average fees from 1985-86 through 1989-90.

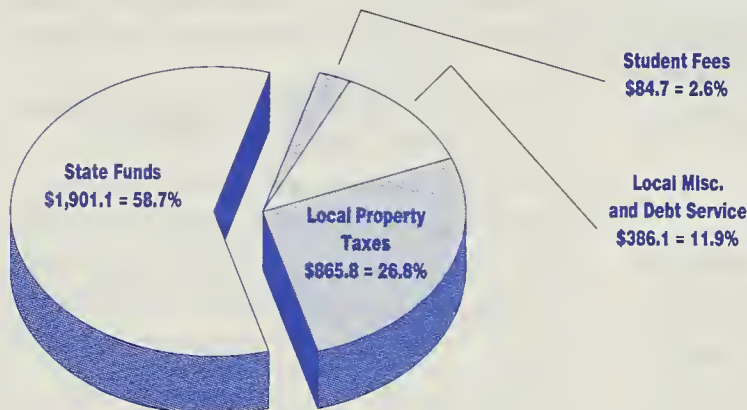
**Community College Reform.** Chapter 973, Statutes of 1988 (AB 1725) was enacted following completion of a report on the California Community Colleges by the Commission for the Review of the Master Plan for Higher Education in 1986. AB 1725 serves as the system's blueprint for the future.

AB 1725 contained provisions to implement certain reforms if specified target funding levels were reached. In 1989-90, legislation appropriated \$70 million in ongoing

**Figure 7-C**

**Revenue for Community Colleges  
Source of Revenues**

(Dollars in Millions)



million and \$84 million respectively. The appropriation for 1989-90 provided \$70 million to fund Phase I of AB 1725 reforms, program improvement, and an additional \$14 million to provide full funding for the Matriculation Program. In 1990-91, Proposition 98 provided an additional \$70 million in Transitional Program Improvement Funds which will result in Phase II of AB 1725 reforms being implemented in 1991-92.

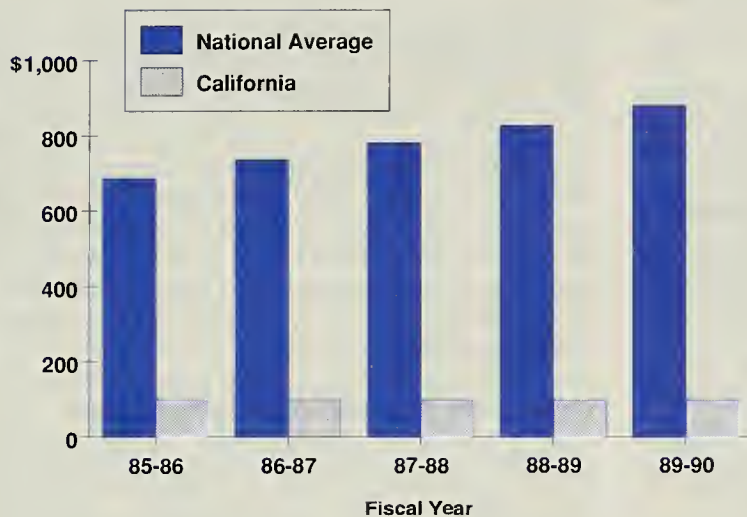
Due to the shortage in General Fund revenues in 1991-92, meeting the minimum funding requirement for agencies covered by Proposition 98 would restrict the state's ability to provide other vital services to the public. Therefore, legislation will be proposed to suspend Proposition 98 in the budget year.

**Apportionments.** Within the limited available resources to the CCCs, the Governor's Budget proposes an augmentation of \$36.9 million to fund ADA growth of

Figure 7-D

**Resident Tuition and Required Fees  
Community Colleges**

(Average Fees)



Source: Higher Education Coordinating Board, State of Washington.

ing Transitional Program Improvement Funds to fully fund Phase I of CCC reform. This appropriation triggered: (1) the repeal of the credentialing system and implementation of minimum qualifications for faculty, and (2) peer review of faculty and regular evaluations of part-time faculty. In addition, the funding enabled districts to increase the employment of full-time faculty and make improvements in instruction, student services, articulation and recruitment.

Phase II reforms will be implemented in 1991-92 as a result of an additional \$70 million appropriated in Transitional Program Improvement Funds during 1990-91. Phase II reforms include: (1) elimination of the current budgeting formula based upon ADA and implementation of Program Based Funding which is intended to rely upon workload units in various service and support areas, and (2) extension of the maximum probationary period for faculty tenure from two to four years.

Program Based Funding is intended to result in an annual budget development process with more resemblance to that of the University of California (UC) and California State University (CSU) and less to that of K-12 Education. The new funding mechanism will be based upon workload needs in five categories of CCC operation: instruction, instructional services and libraries, student services, maintenance and operations and

institutional support. Standards for appropriate funding levels for each of these categories will be reviewed during the annual budget development process and funding to fulfill the standards will be subject to the availability of resources. This mechanism is intended to provide for the allocation of state resources based upon identifiable needs.

The statutes implementing Program Based Funding identify 1991-92 as a transition year from the prior "SB 851" funding formula based upon ADA. The Chancellor is required to allocate funds to ensure that each district receives an apportionment amount at least equal to the amount that would have been received under the SB 851 formula. However, there are insufficient General Fund resources to fund this "hold harmless" provision and the only part of the apportionment formula that can be funded is ADA growth of 2.25 percent. Language will be proposed to provide that the Chancellor must allocate the growth funds of \$36.9 million for that purpose and not for the purposes of holding districts

harmless during the transition year from revenue losses from the SB 851 formula.

**Matriculation (AB 3).** Currently, \$38.4 million is provided annually for matriculation services for new and continuing community college students who enroll in transfer, occupational and basic skills courses. Matriculation is a six-component program of admissions, orientation, assessment, counseling, follow up and evaluation designed to improve student access and success. With these new funds, community colleges can now adequately monitor student progress and assist students in achieving their educational goals of transfer and/or employment. For 1991-92, an additional \$864,000 will be provided for growth at the 2.25 percent ADA growth rate provided for general purpose apportionments. This will permit matriculation services to keep pace with the projected increase in the number of community college students.

**Student Access and Success.** In addition to matriculation, the community colleges provide a number of related special programs and services for unique populations of students. Disabled Students Programs and Services (DSPS) assists students with disabilities to realize their educational goals through special accommodations, such as interpreters, notetakers, readers and adapted computer technologies. Extended Oppor-



tunity Programs and Services (EOPS) and Cooperative Agency Resources for Education (CARE) target low-income and single parents who need financial aid, specialized outreach, child care, counseling and support. Transfer Centers assist students who plan to transfer to a four-year college or university through a set of services which are provided in conjunction with the senior postsecondary institutions. The 1990 Budget Act included an augmentation of \$4.4 million to partially expand Transfer Centers and the Governor's Budget proposes to continue this funding.

Commencing in 1989-90, High Tech Centers for the Disabled received \$571,000 in state support annually to insure continuation of training functions for more than 5,000 students with disabilities. These students receive instruction in the use of assistive computer technologies so they can take advantage of community college courses. The 1990 Budget Act included an augmentation of \$800,000 for these centers and the Governor's Budget proposes to continue this funding.

For 1991-92, the Governor's Budget includes a \$1.8 million augmentation for growth in the EOPS and DSPS programs at the 2.25 percent ADA growth rate proposed for general purpose apportionments. This will permit services to keep pace with the projected increase in the number of community college students.

**Deferred Maintenance and Special Repairs.** The Governor's Budget proposes to continue the \$8.7 million for deferred maintenance and special repairs provided in 1990-91. This program has a 50/50 matching requirement for the districts. These projects enable the community college districts to maintain an environment free of health and safety hazards and to improve the long-term cost effectiveness of facility operations.

**Toxic Substances and Asbestos Abatement.** To reduce exposure to hazardous substances at the community colleges, the 1990 Budget Act included \$5 million from the General Fund for removal and containment of hazardous substances (primarily asbestos, PCBs and underground tanks) and \$5 million from bond funds for abatement of severe asbestos. These funds will assist the community colleges in assessing the hazards of particular sites and treating the most hazardous problems. In addition, \$3 million from the General Fund was included to reimburse districts for their costs to develop hazardous material business plans required by legislation enacted in 1988. Between 1985-86 and 1990-91, the state will have provided \$48 million for abatement of hazardous substances. With this financial support, community colleges have made significant progress in correcting problems related to approximately 400 underground tanks containing fuel oil, 300 transformers containing polychlorinated biphenyl, and 3,400 buildings containing asbestos materials. For 1991-92, the Governor's Budget proposes to continue General Fund support of \$8 million. However, bond funds of \$5 million will not continue due to rejection by the voters of the November 1990 Higher Education bond measure.

## Lottery

Lottery revenues for the community colleges are expected to be \$95.2 million in 1990-91 and the same amount in 1991-92. Annually, the lottery proceeds constitute about 3 percent of the operating revenues of community colleges. Since 1985-86, community colleges will have received over \$679.4 million in lottery funds.

**Capital Outlay.** Because the November 1990 Higher Education Facilities Bond Act failed, the CCCs had to reprioritize the 1991-92 program proposal to reflect a significantly reduced level of resources. The newly prioritized budget proposes a total of \$10.1 million from the June 1990 general obligation bond measure and \$111.7 million from State Public Works Board issued lease revenue bonds for 66 projects. Of the proposed projects for 1991-92, 40 involve preparation of preliminary plans and/or working drawings, while 26 provide construction and/or equipment funds to complete projects budgeted in previous years.

## California Student Aid Commission

Through the California Student Aid Commission, needy California students obtain financial assistance that allows them to pursue a postsecondary education. In 1991-92, the Student Aid Commission will administer grants to over 80,000 needy California students through its Grants Program and guarantee 371,000 student loans through its California Loan Program. These programs support California's historic commitment to providing all students, regardless of economic disadvantage, with the opportunity to pursue a postsecondary education. The 1991-92 Budget proposes total General Fund spending of \$167.1 million, an increase of 4.4 percent over 1990-91.

**California Loan Program.** Through its loan program, the Student Aid Commission serves as guarantor for low-interest, federally reinsured loans made by lenders through the Stafford Loan, Supplemental Loans for Students and Parent Loans for Undergraduate Students programs. As guarantor, the Student Aid Commission reimburses lenders for loans that lenders cannot collect on and is, in turn, reimbursed by the federal government. For 1991-92, it is estimated that the Commission will issue guarantees for over \$1 billion of student loans.

For 1991-92, the Governor's Budget proposes an increase of \$1.1 million and 22 positions for the Loan Program. This includes ten new positions for workload increases stemming from the rising volume of defaulted loans submitted to the Commission by lenders for reimbursement. There are four new positions to handle the increased workload caused by the increasing numbers of loan applications received. The 1991-92 Budget also includes increased staffing for investigations to strengthen the Commission's efforts to ensure that rules and regulations are being followed by program participants and to prevent abuses. In addition, included in the



1991–92 Budget are two positions for collecting on loans that have gone into default. Finally, the Governor's Budget includes staffing to strengthen lender services so that lenders might provide better services to borrowers.

**Grants Program.** The 1991–92 Budget includes \$163.4 million in state funding for grants administered by the California Student Aid Commission. This amount includes new funding of \$2.7 million for continuation of new Cal Grant B awards added in 1989–90, and \$11.1 million to fully cover fees for University of California and California State University students who receive Cal Grants.

The grant programs represent California's established commitment to providing its students with access and choice in their decisions to pursue a postsecondary education, and include the following major programs:

- **Cal Grant A:** Cal Grant As are distributed on the basis of need and scholarship to help students to pay for tuition and fees. For students at the University of California and the California State University, a Cal Grant A award covers all fees charged. Students may, however, use the grants at the institutions of their choice, although the amount of the grant depends on the tuition and fees charged by the institution. Scholarship levels among Cal Grant A recipients are high; for 1989–90, the average new freshman recipient of a Cal Grant A had a grade point average of 3.46.

- **Cal Grant B:** Cal Grant Bs are distributed based on need, scholarship, and, unlike Cal Grant A, the applicant's disadvantaged background. First year recipients receive only a stipend for living expenses, but in subsequent years receive a stipend plus a tuition and fee grant equivalent to that in the Cal Grant A program. Cal Grant B recipients are more likely to be underrepresented students and tend to come from very needy families; for 1989–90, the median family income of recipients from families of four or more was only \$10,465.

- **State Graduate Fellowship Program:** Recipients of this grant commit to becoming college and university faculty members. These grants are awarded with priority consideration going to disadvantaged and underrepresented applicants.

- **Assumption Program of Loans for Education (APLE):** Through this program, the state assumes student loan debt of up to \$8,000 for participants who teach school in areas with high concentrations of low-income families or in subject shortage areas (i.e., math, science, bilingual education).

**Budgetary Reductions.** Pursuant to the implementation of the "trigger" mechanism, the Student Aid Commission budget includes a General Fund reduction of \$6.8 million, almost all of which will be reduced from student financial aid grants.



# Health and Welfare

This Administration considers those programs which benefit the least fortunate Californians to be a high priority. Despite a difficult economic situation, the Governor is proposing to fund caseload increases, with no other adjustments for cost of living in the entitlement programs, as well as new initiatives to meet the most pressing needs faced by our society. Through a variety of program initiatives and program adjustments, the new Governor's policies will begin to move the direction of Health and Welfare Program from programs emphasizing crisis management to programs emphasizing prevention.

Over 32 percent of the state's General Fund resources are directly committed to programs concerned with the public health and social services for needy Californians.

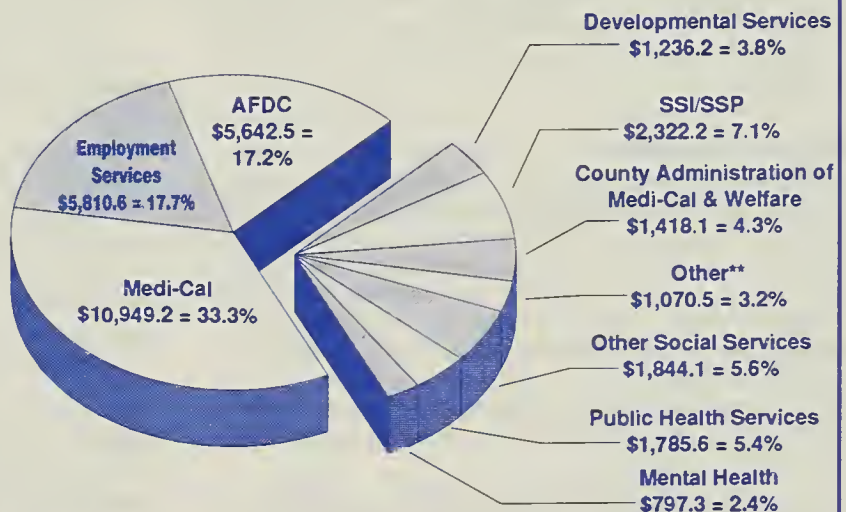
California provides a broad range of services to its citizens needing assistance and opportunities in order to improve the quality of their lives. Services are available in each program area with a major goal being the provision of necessary services in the least restrictive environment, thus avoiding premature or unnecessary institutionalization. Individual programs include alcohol and drug prevention, cash assistance grants, medical care and meals for the elderly. In addition, revenues are provided to local governments which, according to local discretion, supplement the allocations reflected in the Health and Welfare section of the Governor's Budget.

Proposed 1991-92 Health and Welfare expenditures total over \$32 billion in combined state and federal funds, including funding for 41,623 personnel years (net of the "trigger" reduction. Since expenditure reductions required by the "trigger" are not yet allocated to

individual programs, generally, only Department totals reflect the "trigger" reduction. Therefore, most program totals do not reflect such reductions. Exceptions are programs such as Medi-Cal, AFDC and SSI/SSP which are designated in law as subject to specified reductions.) The allocation of these funds among the various programs is shown in Figure 8-A. Proposed General Fund expenditures include over \$2 billion to meet the cost of caseload increases in a variety of program areas

**Figure 8-A**

## Health and Welfare Proposed 1991-92 Expenditures\* All Funds (Dollars in Millions)



\*Includes state support and local assistance.

\*\*Reflects allocations for the Health and Welfare Agency, Department of Aging, Department of Alcohol and Drug Programs, Health and Welfare Consolidated Data Center, Office of Statewide Health Planning and Development, Department of Rehabilitation, Emergency Medical Services Authority, Governor's Advisory Committee on Child Care, State Council and Area Boards on Developmental Disabilities, California Medical Assistance Commission, State support for the Department of Health Services, including the Toxic Substances Control Program, and the Department of Social Services. Also included are the costs associated with Health and Welfare mandates and debt service.



such as Medi-Cal, Mental Health, Developmental Services, SSI/SSP, and AFDC. Refer to Table 8-1 for specific caseload figures.

**Program Initiatives.** The Health and Welfare budget contains several initiatives which embody the new Administration's agenda on health care. Specifically:

- \$90 million of Cigarette and Tobacco Products Surtax funding is proposed to provide perinatal care and well baby care to women whose family income is above the level to qualify for the federal Medicaid program, yet do not have access to health insurance. Of this amount, \$52.7 million will be for expanded eligibility to provide services to an additional 9,000 infants and 17,000 women.
- An increase of \$25 million to expand and promote drug and alcohol treatment for substance-abusing pregnant, postpartum and parenting women. Of this amount, \$7 million will be proposed for the development of new residential programs where women can take their child(ren) to live in a drug and alcohol free environment.
- An increase of \$10 million, General Fund, for family planning services provided by the Department of Health Services-Family Planning Program. This increased funding is proposed to target unmarried teenagers or women who are substance abusers. This initiative will help respond to the growing number of substance abused infants and the increase in the number of unmarried teenage parents in the AFDC program.

Based upon studies conducted by the UCSF Center for Population and Reproductive Health Policy, the budget anticipates offsetting savings of \$3.9 million, General Fund, in the Medi-Cal program for fewer abortions and deliveries and \$1.1 million, General Fund, in reduced grant costs in the AFDC program.

**Program Adjustments.** For the 1991-92 fiscal year, California will face perhaps its most difficult budget problem ever. Irrespective of the cyclical downturn in the economy, the Budget suffers from an inherent problem which demands funding for public services which exceed the state's economic and revenue structure. Programs which provide services for the developmentally disabled, cost-of-living adjustments, grants and medical services for the poor and elderly continue to grow at rates which, if unchecked, would require Health and Welfare expenditures to grow in excess of 10 to 12 percent annually.

Accordingly, in order to provide some reforms to address both the slower performance of California's revenues and the caseload demands in the Health and Welfare area, the 1991-92 Budget proposes General Fund adjustments in the following programs:

#### Various Departments

- A savings of \$327.6 million, General Fund, in various Health and Welfare Programs due to reductions made

by the "trigger mechanism" and the Administration's proposal to eliminate the balance of costs related to granting statutory cost-of-living adjustments for the following programs:

AFDC	\$142.9 million
SSI/SSP	167.6 million
IHSS	4.7 million
Medi-Cal	12.4 Million

- A savings of \$942 million, General Fund, related to an Administration initiative for a state/local program realignment. Under the initiative, the state will shift responsibility for the state-funded AB 8 program, the Local Public Health Services Program and most local mental health programs to counties. Counties are to be provided with a new and growing revenue stream to fund these programs at the local level.

#### Department of Health Services (DHS)

- Transfer of the fund balance of \$2.5 million from the Local Health Capital Expenditure Account County Health Services Fund to the General Fund. The DHS has not provided any grants in this program since before 1985.
- A reduction of \$2.15 million, General Fund, in the California Children's Services Program and \$135,000, General Fund, in the Genetically Handicapped Persons Program due to a proposal to introduce an annual co-payment for program participants. Currently, no co-payment is required. The amount of the co-payment will be determined on a sliding scale.
- A reduction of \$1.937 million, General Fund, by shifting the General Fund cost of the Genetic Disease Testing Program to fees. Approximately 90 percent of this program is already fee supported, and with an estimated \$3 fee increase it can become 100 percent fee supported.
- A savings of \$20.5 million, General Fund, related to the imposition of a mandatory co-payment for certain services provided to Medi-Cal recipients. This proposal will require co-payments ranging from 50 cents to \$3 and is the maximum allowed by federal law.
- A legislative proposal will be introduced to eliminate the ability of counties which administer their own Medically Indigent Services Program (MISP) to transfer into the state run County Medical Services Program. This will result in the continuance of the existing 26 MISP counties in the program, which shares the "risk" for health care expenditures for certain indigent populations. This legislative change will result in cost avoidance for the state.

#### Department of Developmental Services

- A savings of \$13 million, General Fund, in the current year and \$33.9 million, General Fund, in 1991-92 due to the Administration's proposal to implement parental fees for targeted case management services based upon a means test. Savings to the General Fund will

Table 8-1

## Major Health and Welfare Program Caseloads

	Average Monthly Caseload		Change
	1990-91	1991-92	
1. California Children's Services (treatment of physical handicaps) .....	124,060 <sup>a</sup>	<b>130,320</b>	6,260
2. Medi-Cal (provisions of medical services to eligible poor)			
a. Certified eligible (total) .....	4,002,100	<b>4,247,500</b>	245,400
b. Certified eligible (fee-for-service only) .....	3,221,880	<b>3,311,200</b>	89,320
c. Average monthly users (fee-for-service only) .....	1,562,950	<b>1,585,730</b>	22,780
3. AFDC (support for unemployed persons with minor children) .....	683,500	<b>719,600</b>	36,100
4. SSI/SSP (support for aged, blind and disabled) .....	871,000	<b>934,600</b>	63,600
5. State Hospitals			
a. Mental health clients <sup>b</sup> .....	4,833	<b>4,748</b>	-85
b. Developmentally disabled clients <sup>b</sup> .....	6,768	<b>6,770</b>	2
6. Community Developmentally Disabled Services			
a. Regional centers <sup>f</sup> .....	102,718	<b>108,185</b>	5,467
b. Work Activity/Supported Employment program .....	17,262	<b>18,447</b>	1,185
7. Vocational Rehabilitation .....	23,000	<b>23,500</b>	500
8. Employment Services (individuals placed) ....	230,000	<b>260,000</b>	30,000
9. Unemployment Services (total weeks claimed) .....	19,953,200	<b>20,224,600</b>	271,400
10. Meals for Elderly Citizens <sup>c</sup> .....	254,500	<b>254,500</b>	-
11. In-Home Supportive Services .....	154,800	<b>165,300</b>	10,500
12. Child Welfare Services <sup>e</sup> .....	139,600	<b>151,100</b>	11,500
13. Food Stamps .....	714,300	<b>758,300</b>	44,000
14. Alcohol Programs <sup>d</sup> .....	207,000	<b>217,000</b>	10,000
15. Drug Programs <sup>d</sup> .....	147,000	<b>154,000</b>	7,000
16. Community Mental Health <sup>g</sup> .....	149,000	- <sup>h</sup>	- <sup>h</sup>

<sup>a</sup> This figure represents unduplicated quarterly caseload in the CCS Program.

<sup>b</sup> Represents the year-end population upon which the Budget is based.

<sup>c</sup> Unduplicated participant count.

<sup>d</sup> Number of participants served during the fiscal year.

<sup>e</sup> Represents monthly Emergency Response, Family Maintenance, Family Reunification and Permanent Placement service areas. Due to transfers between each service area a case may be reflected in more than one service area.

<sup>f</sup> Represents the midyear average, including developmental center clients.

<sup>g</sup> Represents an average monthly unduplicated caseload as reported in the client data system.

<sup>h</sup> Program responsibility proposed to be moved to local government, along with a new revenue source.

be realized by the projected receipt of federal reimbursement for these services under the Medi-Cal program. Recent correspondence from the federal government states that the draft sliding fee schedule proposed by the department is acceptable for meeting the federal requirements.

- A reduction of \$5.8 million, General Fund, in the Regional Centers operations' budget to recognize administrative savings from biennially instead of annually updating individual program plans (IPPs) for the clients. During the two-year period, targeted case

management caseworkers will be able to adjust client plans as needed without an IPP change.

## Employment Development Department (EDD)

- Increase General Fund revenue by \$22 million through a transfer of the 1990-91 surplus in the Employment Training Fund to the General Fund.
- Increase General Fund revenue by \$18 million from EDD's Contingent Fund as a result of continuing to support a portion of the Employment Services 90 Percent Program from the Employment Training Fund rather than from the Contingent Fund.



## Department of Social Services (DSS)

- Savings of \$225.4 million, General Fund, based on reducing grant levels in the AFDC program. California's AFDC grant levels are currently the second highest in the nation when compared to grants provided by other states. This reduction will move California from second to third highest.
- Savings of \$38.5 million, General Fund, based on the elimination of the AFDC-Homeless Assistance Program. Abolishing this program is consistent with findings in a recent Auditor General's Report that the statutes which established the program provide for limited accountability and allow for questionable practices by families who receive assistance.
- Savings of \$45.3 million, General Fund, based on freezing foster care payments to group homes at their current year level and suspending the 5 percent special needs increment for foster family homes. The majority of this reduction is attributable to a funding reduction resulting from the imposition of the "trigger" mechanism.
- Savings of \$6.9 million, General Fund, based on the elimination of the state-only AFDC-Unemployed Parent Program. This program provides benefits for 3 months to intact families who do not meet eligibility criteria for the federal Unemployed Parent program.
- Savings of \$6.8 million, General Fund, based on the re-enactment of the Fraud Early Detection program.
- Savings of \$2.7 million, General Fund, to bring California into compliance with federal law related to disqualification of AFDC recipients who commit intentional program violations. This reform will disqualify AFDC recipients who commit fraud from receiving benefits for limited periods of time. (Benefits would still be provided for their dependent children.)
- A General Fund savings of \$6.9 million resulting from a proposal to institute a revised licensing fee schedule for Community Care Licensing Programs. Under this proposal, DSS will triple fees for various licensing categories and impose new fees in other categories.
- A savings of \$25 million, General Fund, resulting from a shift to federal funds through a change in administrative procedures by county youth probation departments, which will accelerate the establishment of federal eligibility for wards in AFDC foster care placements. This will shift state/county costs for children receiving care under the state-only program to the federal program sooner.
- A savings of \$2 million, General Fund, under a proposal to raise the fees charged for independent adoptions provided by the Department of Social Services. If fees are raised sufficiently to make the program fully fee supported, \$2 million in additional revenue can be collected.

- A General Fund revenue increase of \$5 million tied to increased efforts by local district attorneys' offices to pursue parental collections for support of children in AFDC-Foster Care programs. Currently, only \$5.3 million is collected to offset state program expenditures of over \$550 million in General Fund costs.
- A legislative proposal will be introduced to reinstate a funding cap for the In-Home Supportive Services program. This cap will fix the expenditure level in the annual Budget Act and require counties to prioritize services to recipients if during the year expenditures are anticipated to exceed the appropriation. This legislative change will prevent General Fund deficiencies from automatically occurring in this program.

## Department of Aging

The Department of Aging is the principal state agency for the provision of services to the elderly. As such, it provides a variety of services to nearly four million older Californians through the local Area Agencies on Aging (AAA's). The Department contracts with the 33 AAA's located statewide in administering the Older Americans Act programs which are supported by state and federal funds. These programs include local social and nutrition services, senior employment programs, long-term care services to elderly and functionally impaired adults, and related state and local administrative services and staff training. The Department's primary emphasis is in the area of developing a community based long-term care system. Currently, the long-term care programs within this system include the Multipurpose Senior Services Program, Adult Day Health Care, Linkages and the Alzheimer's Day Care Resource Centers. These programs are designed to assist older Californians and functionally impaired adults to live independently and avoid premature institutionalization. The Budget proposes a funding level of \$135.8 million (net of the "trigger" reduction) and 153 personnel years for 1991-92.

**Alzheimer's Day Care Resource Centers.** Legislation enacted in 1984 authorized the California Department of Aging to establish Alzheimer's Day Care Resource Centers (ADCRC's) to provide specialized programs for patients suffering from Alzheimer's disease.

Since 1984-85, this program has grown from a budget of \$450,000 serving approximately 280 recipients to a proposed level of \$2.5 million in 1991-92 serving over 1,900 recipients.

**Nutrition Programs.** The Department provides state and federal Older Americans Act funding to local AAA's to support the senior nutrition programs. The purpose of the nutrition programs is to provide low-cost, nutritionally sound meals to the elderly in either a social setting at congregate nutrition centers or delivered to the home-bound. During 1989-90, 13.2 million congregate meals were served at 1,088 sites to 202,000 seniors and 7.4



million home-delivered meals were served to 50,500 eligible seniors. The 1991-92 Budget proposes \$65.2 million to support the Department's nutrition programs (\$42.4 million for Congregate Nutrition and \$22.8 million for Home Delivered Nutrition). This includes an unanticipated increase of \$1.8 million in federal funds which will provide approximately 400,000 additional meals to eligible seniors.

**Health Insurance Counseling and Advocacy Program (HICAP).** The HICAP program was established to assist older persons in understanding the health insurance coverage provided under the federal Medicare program and coverage offered by private insurance companies. This program enlists approximately 475 volunteer counselors statewide to provide HICAP services to over 131,000 clients per year.

**Multipurpose Senior Services Program.** The Multipurpose Senior Services Program (MSSP) has operated under the Home and Community-Based Waiver authority of Title XIX of the Social Security Act since July 1983 and provides comprehensive case management services to elderly clients to prevent their premature institutionalization. These case management services include case assessment, planning, arrangement and monitoring of services for MSSP clients. Currently, there are 22 MSSP sites which serve 6,000 clients statewide. Legislation enacted in 1989 deleted the MSSP's June 30, 1990, sunset date and permitted the program's permanent continuation contingent upon approval of the Federal Title XIX Home and Community-Based Waiver. Currently, the waiver is under review, and the Governor's Budget assumes the continuation of the MSSP program in 1991-92. As such, the Budget proposes \$22.0 million (\$11.1 million, General Fund, and \$10.9 million in reimbursements) and 11.4 personnel years for support

of the MSSP in a continuing effort to provide long-term care services for the elderly.

## Long-Term Care

California provides a wide range of publicly funded, long-term care services. Welfare and Institutions Code Section 9390.1 defines long-term care as "... a coordinated continuum of preventative, diagnostic, therapeutic, rehabilitative, supportive and maintenance services that address the health, social and personal needs of individuals who have restricted self-care capabilities."

Long-term care services consist of two components, institutional care (for example, nursing home care) and community-based services. Community-based services include residential care facilities and services which assist individuals to remain in their home instead of being placed in an institution. (Residential care facilities are not classified as "institutional care" in state law. Their level of medical care and funding arrangements differ significantly from institutional care facilities.)

Long-term care services are provided by several departments not only to elderly people, but also to younger, chronically ill, developmentally, mentally or physically disabled people. These agencies include the Departments of Health Services, Mental Health, Developmental Services, Social Services and the California Department of Aging.

The information provided in Table 8-2 summarizes total expenditures and total recipients served for 1989-90, 1990-91 and proposed for 1991-92. This display identifies the services provided, the department responsible for administration and the number of persons receiving services.

**Table 8-2**  
**Long-term Care Services**  
**Total Funding and Clients**  
(Dollars in Millions)  
(Clients in Thousands)

Department	1989-90		1990-91		Percent Change of Total \$	1991-92		Percent Change of Total \$
	Total \$	Clients	Total \$	Clients		Total \$	Clients	
AGING								
Adult Day Health Care...	\$15.0	3.8	\$18.7	4.0	24.7	<b>\$20.0</b>	<b>4.2</b>	7.0
Alzheimer's Day Care Centers.....	9.7	1.7	10.4	1.8	7.2	<b>11.0</b>	<b>1.9</b>	5.8
Linkages.....	4.6	3.6	2.7	2.5	-41.3	<b>2.7</b>	<b>1.7</b>	-
Multipurpose Senior Services Program.....	21.7	8.4	22.0	8.5	1.4	<b>22.0</b>	<b>8.5</b>	-
Transportation.....	7.4	26.2	7.7	28.0	4.1	<b>7.8</b>	<b>28.0</b>	1.3
In-Home Services.....	7.2	38.0	7.6	41.0	5.6	<b>7.6</b>	<b>41.0</b>	-
Home Delivered Meals..	36.7	50.5	37.3	51.5	1.6	<b>37.5</b>	<b>51.5</b>	0.5
Congregate Nutrition.....	71.5	202.0	71.9	203.0	0.6	<b>72.0</b>	<b>203.0</b>	0.1
Case Management.....	5.4	14.7	5.6	16.0	3.7	<b>5.6</b>	<b>16.0</b>	-
Information & Referral....	6.9	500.0	7.2	521.0	4.3	<b>7.3</b>	<b>521.0</b>	1.4
Other <sup>12</sup> .....	8.4	172.0	9.0	180.1	7.1	<b>9.3</b>	<b>182.8</b>	3.3
Total Expenditures.....	\$194.5	-	\$200.1	-	2.9	<b>\$202.8</b>	<b>-</b>	1.3

**Table 8-2—Continued**  
**Long-term Care Services**  
**Total Funding and Clients**  
**(Dollars in Millions)**  
**(Clients in Thousands)**

Department	1989-90		1990-91		Percent Change of Total \$	1991-92		Percent Change of Total \$
	Total \$	Clients	Total \$	Clients		Total \$	Clients	
DEVELOPMENTAL SERVICES								
Regional Centers.....	\$501.6	90.7	\$561.6	96.0	12.0	\$618.0	101.4	10.0
State Developmental Centers.....	540.6	6.8	578.4	7.0	7.0	594.7	6.8	2.8
Community Placement <sup>4</sup> .....	19.0	—	19.5	—	2.6	19.4	—	—0.5
Total Expenditures .....	\$1,061.2	—	\$1,159.5	—	9.3	\$1,232.1	—	6.3
HEALTH SERVICES								
Alzheimer's Disease Centers.....	\$4.3	1.2	\$4.2	1.2	—2.3	\$4.2	1.2	—
Long-Term Care (Skilled Nursing & Intermediate Care Facilities) .....	1,220.5	64.9	1,480.6	68.7	21.3	1,567.2	68.9	5.8
Total Expenditures .....	\$1,224.8	—	\$1,484.8	—	21.2	\$1,571.4	—	5.8
REHABILITATION								
Work Activity Program... Supported Employment Program.....	\$53.4	12.4	\$55.3	12.2	3.6	\$56.2	12.0	1.6
Independent Living Centers.....	13.0	4.3	21.5	5.2	65.4	22.0	6.4	2.3
	5.9	22.3	6.1	23.0	3.4	6.2	23.0	1.6
Total Expenditures .....	\$72.3	—	\$82.9	—	14.7	\$84.4	—	1.8
SOCIAL SERVICES								
Non-Medical Board and Care .....	\$324.1	67.2	\$366.2	71.9	13.0	\$395.9	77.2	8.1
Out-of-Home Care Adults .....	6.7	13.7	7.4	14.6	10.4	7.9	15.7	6.8
Special Adult Pro- grams .....	6.6	1.2	5.7	1.3	—13.6	5.8	1.4	1.8
In-Home Supportive Services.....	717.0	143.1	738.8	154.8	3.0	802.1	165.3	8.6
County Services Block Grant.....	27.7	80.9	27.8	82.0	0.4	26.9	83.1	—3.2
Total Expenditures .....	\$1,082.1	—	\$1,145.9	—	5.9	\$1,238.6	—	8.1
MENTAL HEALTH <sup>3</sup>								
State Hospitals								
Penal Code and Judi- cially Committed .....	\$31.3	0.9	\$35.4	0.9	13.1	\$35.6	1.0	0.6
Lanterman-Petris- Short.....	63.4	1.4	69.7	1.4	9.9	73.3	1.3	5.2
Other Services.....	10.6	0.2	11.7	0.3	10.4	10.5	0.2	—10.3
Community Residential Treatment <sup>4</sup> .....	1.0	—	1.0	—			—	—100.0
Community Services—Other <sup>4</sup> .....	28.3	—	24.8	—	—12.4		—	—100.0
Residential Care Ser- vices .....	16.6	4.0	16.6	4.0				—100.0
Institutions for Mental Disease .....	78.0	3.6	86.4	3.6	10.8	94.5	3.8	9.4
Brain Damaged Adults <sup>4</sup> .....	5.3	—	5.3	—		5.0	—	—5.7
Total Expenditures .....	\$234.5	—	\$250.9	—	7.0	\$218.9	—	—12.8
TOTAL EXPENDITURES ALL PROGRAMS .....	\$3,869.4	—	\$4,324.1	—	11.8	\$4,548.2	—	5.2

<sup>1</sup> Clients displayed may be duplicated unless otherwise noted.

<sup>2</sup> Includes Health Insurance Counseling and Advocacy, Senior Companion, Respite and Ombudsman.

<sup>3</sup> Does not include county match funds.

<sup>4</sup> Specific client numbers are unable to be captured.



## Department of Alcohol and Drug Programs

The Department of Alcohol and Drug Programs administers a variety of treatment and prevention programs designed to reduce the incidence of alcohol and drug abuse in the general population with special emphasis directed toward youth, women, the disabled, ethnic minorities and the elderly.

The Administration proposes to expand, by \$25 million, the Services for Alcohol and Drug-Abusing Pregnant and Parenting Women and Their Children program. As part of this proposal, there will be a California-specific study of the prevalence of alcohol and drug abuse among pregnant women. Medi-Cal eligible pregnant, postpartum and parenting women will be afforded the opportunity to receive prevention and treatment services. Infants of women who use drugs and alcohol are at high risk of illness, birth defects, and mental retardation, not only due to the exposure of drugs and alcohol, but also due to lack of prenatal health care. Improved access to prenatal care, in addition to alcohol and drug treatment, will result in healthier babies and families who need less services, eventually lowering overall state costs in the areas of health care, developmental services, social services and education. Approximately 15 to 20 awards will be made to counties through a Request for Proposal process.

In an effort to combat drug and alcohol problems and eradicate the distribution of drugs and alcohol among high risk youth, the Department has undertaken the Community Drug-Free School Zones Project. The three year project will, beginning in January 1991, provide a comprehensive community prevention program for 12 high schools and their communities at an annual cost of \$5.9 million. These 12 high schools and communities will be chosen from those high schools, statewide, that are most impacted by drug and alcohol-related problems. The major components of the project include the development of innovative strategies for drug-free school zones, work/study stipends, intervention programs, alternative activities, parent advocacy groups, and community coalitions.

The 1990 National Drug Control Strategy identified the Southwest Border Region, Los Angeles, Houston, Miami and New York as High Intensity Drug Trafficking

Areas (HIDTAs) since these regions were experiencing the most serious drug trafficking problems in the nation. For 1991-92, California will receive \$3 million of the \$32 million in HIDTA funds that Congress has allocated for the expansion of existing intelligence data bases located throughout California and the Southwestern United States to assist law enforcement agencies in their drug related investigations. Arizona, which has been designated as the lead state, will subgrant the federal monies to the Department for allocation.

## Department of Health Services

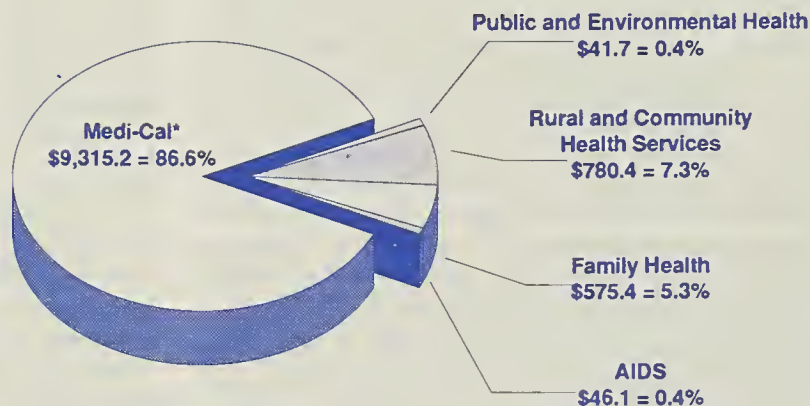
The Department of Health Services is responsible for a variety of programs which emphasize prevention-oriented health care and delivery of medical services to the economically disadvantaged, protection of California's citizens from unsafe foods, drugs, drinking water and hazardous materials and enforcement of health standards in health facilities.

The 1991-92 Budget proposes \$13.02 billion in state and federal funds for the Department (This amount reflects a "trigger" reduction of \$25.3 million and is exclusive of the Toxic Substances Control Program which is budgeted at \$102.3 million).

Proposed local assistance spending by the Department is illustrated in Figure 8-B. This figure reflects the shift in

**Figure 8-B**

**Department of Health Services  
Proposed 1991-92 Local Assistance Expenditures  
Total Funds  
(Dollars in Millions)**



\* Cash basis of accounting shown. For 1991-92 the budget proposes Medi-Cal appropriations on an accrual basis, which would add \$1,909 million to this total.



responsibility for the AB 8 Program and the Local Public Health Services Program (—\$506 million, General Fund) to the counties along with corresponding new revenue sources which are projected to grow significantly in the future years.

**Radiologic Health Program.** California maintains a comprehensive radiation control program for the protection of the health of radiation workers and the public. The Radiologic Health Branch (RHB) in the Environmental Health Division is responsible for providing safeguards essential to the protection of workers and the public from unnecessary exposure to radiation by radiation machines or radioactive materials. To accomplish this, the RHB conducts inspection, enforcement and compliance activities, provides examination and certification of individuals who use or supervise the use of X-rays on humans, and inspects and registers X-ray machines. The 1991–92 Governor's Budget proposes additional funding of \$1,310,000 and 19 positions for this fee supported program. The increased funding will be used to expand inspection, training and enforcement activities.

**Low Level Radioactive Waste Program.** The Federal Low-Level Radioactive Waste (LLRW) Policy Act of 1980 requires states to meet specified siting milestones regarding the establishment of a LLRW disposal facility. After January 1, 1993, each state must assume responsibility for its own LLRW by establishing a facility or joining a compact with other states. Currently, California's LLRW is disposed of at one of the nation's three LLRW disposal facilities: Richland, Washington; Beatty, Nevada; or Barnwell, South Carolina. However, the states of Nevada and South Carolina have indicated that they will close their facilities in January 1993. In addition, the state of Washington has indicated that it will not accept California's LLRW effective January 1993.

In response to the federal requirements, legislation was enacted in 1983 which mandated the establishment of a LLRW disposal facility in California by January 1, 1993. The legislation also directed the Governor to seek partner states with which to form a regional compact, but did not make the development of California's site contingent upon a compact. California joined the Southwestern LLRW Disposal Compact, along with Arizona, North Dakota and South Dakota. A site for the facility has been proposed near Needles, California. The Department of Health Services anticipates beginning operation of the facility at the proposed site in September 1991. California expects to be the first state to comply with the Federal LLRW Policy Act of 1980. The 1991–92 Budget reflects a program expansion of \$257,000 and 5 positions to manage the increased workload associated with the full operation of the facility in 1991–92. This program, which is currently supported by federal disposal fee rebates and an annual licensing fee, will be fully fee supported when the facility becomes operational.

**Medical Waste Management Program.** In 1990, the Governor signed legislation, (AB 109 and AB 1641),

which enacted the Medical Waste Management Act (the Act) effective January 1, 1991. Prior to the Act, medical wastes were regulated as infectious wastes, within the hazardous waste control law. The Toxics Division of the DHS had been responsible for regulating infectious waste, as well as hazardous waste. Infectious waste was generally defined as waste from laboratories, and medical and veterinary facilities which contain infectious organisms that cause human disease. Infectious waste producers were required to manage the waste and could store, treat, and dispose of it at authorized hazardous waste facilities. The previous law generally exempted from regulation generators of less than 200 pounds of infectious waste per month.

The Act redefined infectious waste as medical waste. Since medical waste would no longer be regulated as hazardous waste, the responsibility has now been reassigned to the Environmental Health Division of the DHS which established the Medical Waste Management Program (MWMP). The 1991–92 Governor's Budget proposes \$509,000 and 8 positions to continue the implementation of the Act.

The exemption for generators of less than 200 pounds of infectious waste was eliminated by the Act. This will ensure that all generators of medical waste handle and dispose of medical waste properly. The Medical Waste Management Act reflected concerns about reported findings of mishandled or illegally disposed of medical waste including incidents of medical wastes being washed ashore in San Diego, San Francisco, Orange and Los Angeles counties. The MWMP will address the problem by closely monitoring the production, storage, treatment, hauling and disposal of medical waste through the use of permits, tracking documents and annual inspections.

**Family Planning Services.** For 1991–92, an augmentation of \$10 million, General Fund, is proposed for the Office of Family Planning. These funds are proposed for the expansion of family planning services targeted toward unmarried teenagers or women who are substance abusers. This initiative will assist such women in receiving the general medical care they might otherwise not obtain, and reduce the numbers of substance-abused children born each year. California's teen pregnancy rate is one of the highest in the nation. Infants prenatally exposed to drugs and alcohol are frequently born prematurely, with many medical complications. Many such children become wards of the state, and the ever increasing initial and long-term costs of delivering and raising them are borne by the taxpayers. This effort is directed at being sensitive to the human needs of this population, while benefitting society as a whole, and reducing the related costs to the state on a short and long-term basis. Corresponding to the \$10 million augmentation, a General Fund decrease of \$5 million is reflected in the amounts proposed for the Medi-Cal and AFDC programs in 1991–92.



**Child Health and Disability Prevention.** The Child Health and Disability Prevention program was initially open to non-Medi-Cal eligible children who were California residents, between birth and the age of six, from families with incomes under 200 percent of the federal poverty level. Effective November 1, 1989, the CHDP age eligibility was expanded by AB 75 (Isenberg), to include children under 21 years of age. This program expansion was made possible through funding from the Proposition 99 Tobacco Tax and Health Protection Act of 1988. This change is estimated to have added 2.4 million underprivileged children to the CHDP eligible population.

Due to the AB 75 CHDP expansion and increased outreach efforts, the number of screenings is rising dramatically. In 1989–90, there were 612,900 screenings, with 109,900 directly attributable to the newly eligible population. For 1990–91, the number of screenings is estimated to reach 970,900, with 425,000 of the screenings attributable to the newly eligible 7 to 20 year olds. In 1991–92, the number of screenings is estimated to reach 1,157,970, with 570,300 of the screenings attributable to the 7 to 20 year olds. It is notable that approximately 80 percent of the newly eligible children served to date have been Hispanic.

The outreach policy was adopted in the belief that by providing preventive medical care to underprivileged children, future cost avoidance in medical care, and a healthier future population will be achieved.

**Acquired Immune Deficiency Syndrome (AIDS).** Acquired Immune Deficiency Syndrome (AIDS) continues to be one of the most serious public health threats faced by our society in recent history. More than one-fifth of the AIDS population of the United States is located in California. The statewide cumulative number of persons with AIDS reported in California since the beginning of the epidemic is 29,759, as of September 30, 1990. The reported number of AIDS related deaths during the same period was 19,362 or 65 percent of those who have contracted the disease. A total of 5,863 cases were reported in California during the first 9 months of 1990, an increase of 25.7 percent over the 4,663 cases reported during the same period last year. Based upon recent averages, approximately 650 new AIDS cases are reported each month in California. Additionally, based upon Office of AIDS data derived from studies in selected counties in California, there is an indication of the presence of 70,000 to 120,000 additional Human Immunodeficiency Virus (HIV) infected individuals in California, above the 30,000 reported cases of AIDS.

California continues to be a national leader in the battle to eliminate this disease, spending far in excess of any other state. Of the \$104 million expended for AIDS in 1989–90, \$76.6 million or 73 percent was provided from the General Fund. Based upon the most comprehensive information available for federal fiscal year 1990 from George Washington University (AIDS Policy Center at the Intergovernmental Health Policy Project), the top five states, which account for 66 percent of the total AIDS

cases, account for 65 percent of all state-only AIDS funding. California's AIDS-related appropriations account for 44 percent of the total expenditures of these five states. New York, the only state with comparable numbers of AIDS cases, has 10 percent more cases of AIDS, the same AIDS death rate, and spends 28 percent less in state-only funding, and 18 percent less overall, on the epidemic.

Funding of AIDS programs statewide totals \$128.2 million for 1990–91 and \$125.5 million is proposed for 1991–92. One-time AIDS Vaccine Clinical Trials grants and AIDS Vaccine Research and Development grants, totalling \$3.8 million, which have been reappropriated for two years awaiting the development of a successful AIDS vaccine, are scheduled for expenditure in 1990–91. Ongoing funding will continue to support early intervention programs, AIDS research, anonymous and confidential testing for the HIV virus, various education and prevention activities, treatment projects, homeless shelters and mental health services for persons with AIDS. Some of the more significant allocations are:

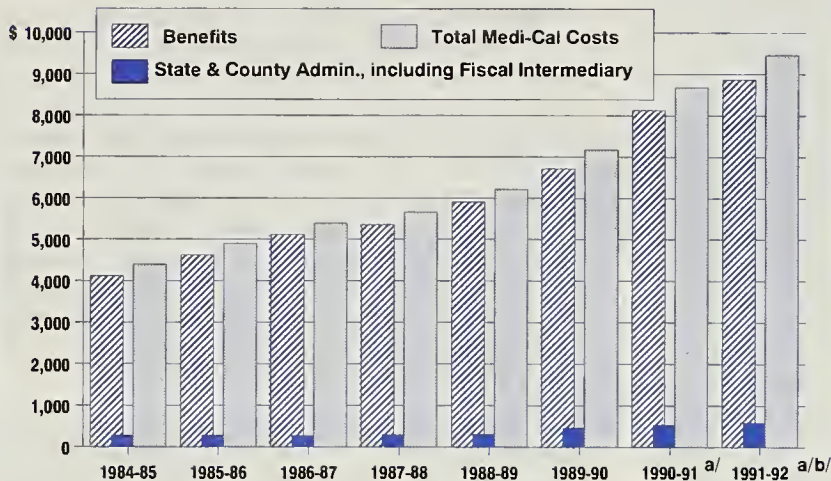
- \$30.3 million in federal funds for various special projects, including surveillance/seroprevalence studies, and treatment, counseling, testing, education and prevention activities.
- \$22.6 million for AIDS programs in the Department of Alcohol and Drug Programs.
- \$15.8 million for education and prevention activities.
- \$8.7 million for AIDS research.
- \$8.5 million for various treatment projects and services.
- \$7.6 million for anonymous and confidential HIV testing.
- \$6.5 million to assist counties with AIDS related costs.
- \$5.4 million for AIDS activities within the Department of Corrections.
- \$4.1 million for AIDS drug subsidies.
- \$2.7 million for early intervention services.
- \$1.5 million for mental health services.
- \$1.2 million for epidemiologic studies.
- \$1.1 million for California Children's Services benefits.

**Medi-Cal.** The California Medical Assistance program (Medi-Cal) provides reimbursements for medical care services to low income persons and families. Authorized under Title XIX of the Social Security Act as California's Medicaid program, Medi-Cal is intended to assure the provision of necessary health care services to public assistance recipients and others who cannot afford to pay for these services themselves. Title XIX provides participating states with some latitude to tailor the Medicaid program to meet their individual needs. Federal sharing generally is at a 50 percent rate in California.

**Figure 8-C**

**Growth of Medi-Cal Costs  
1984-85 through 1991-92**

(Dollars in Millions; Cash Accounting Basis)



a/ Includes total amounts projected for 1990-91 and 1991-92.

b/ For 1991-92, the budget proposes appropriations on an accrual basis, which would add \$1,909 million to this total amount.

Nationally, 19 states are at the 50 percent federal sharing floor while the federal rate is as high as 80.1 percent in some states.

The proposed state operations and local assistance budget for 1991-92 includes \$11.4 billion (\$5.4 billion, General Fund) to serve an average monthly caseload of 4.3 million people, with 3.3 million of that number eligible for fee-for-service benefits and the remainder served by various capitated programs. As illustrated by Figure 8-C, this represents a growth rate of \$789 million (\$483 million, General Fund)—excluding the amount attributable to changing the Medi-Cal program from a cash to an accrual accounting basis—or 9.1 percent over the revised 1990-91 expenditure level.

**California and Other States.** Despite the fiscal constraints which have faced California, the Medi-Cal program has continued to fund caseload growth, expand eligibility standards, maintain a large scope of medical services for beneficiaries, and deliver services to a broader segment of the population for less cost per beneficiary than any other state.

**Benefits.** Federal law requires states participating in the Medicaid program to provide a core of basic services, including physician; hospital inpatient and outpatient; skilled nursing; laboratory and x-ray; home health care; early and periodic screening, diagnosis and treat-

ment for individuals under 21; family planning; and rural health clinics. In addition, the federal government provides matching funds for 33 optional benefits. California currently provides 28 of these benefits.

Information from the federal Health Care Financing Administration indicates that California currently provides more optional services to Medicaid beneficiaries than most of the ten largest Medicaid states. (see Table 8-5) Overall, the average number of optional benefits provided by the other nine largest Medicaid states is 25 for cash grant eligibles and 21 for medically needy eligibles (24 if Ohio is excluded).

**Eligibility.** The Medi-Cal program continues to allow the highest income eligibility standard in the nation, substantially exceeding the other nine largest Medicaid states. Table 8-4 displays the maximum income allowance permitted for a family of three to remain eligible for Medi-Cal. Persons eligible for Medi-Cal fall into two categories: cash grant recipients and the medically needy.

As Table 8-4 indicates, the Medicaid income eligibility level varies from state to state. California ranks first nationally in its Medicaid income allowance of \$11,208 (for a family of three). Overall, the average for the other eight largest Medicaid states is \$6,810, which California exceeds by 64.6 percent. (Ohio does not have a medically needy program.)

Because of California's broad eligibility standard, a larger proportion of individuals below the poverty level are covered by the Medi-Cal program than by Medicaid programs in any of the other nine largest Medicaid states. The California eligibility standard is 106.1 percent of the federal poverty level, the only state of the ten largest Medicaid states to exceed 100 percent.

**Medicaid Payments.** Although the Medi-Cal program has a broader eligibility standard than any of the ten largest Medicaid states, California delivers services to more beneficiaries for less money than any of the other nine largest Medicaid states. As Table 8-3 indicates, California was second in total Medicaid payments in federal fiscal year 1989 (\$5.5 billion, which equalled 10.1 percent of national Medicaid payments). New York was first in total Medicaid payments (\$10.2 billion, which equalled 18.7 percent of national Medicaid payments). Yet, California provided services to more recipients than



**Table 8-3**

**Medicaid Provider Payments and Number of Recipients  
for the 10 Largest  
Medicaid States: Federal Fiscal Year 1989**

<i>Jurisdiction</i>	<i>Medicaid Provider Payments (Dollars in Millions) <sup>1</sup></i>		<i>Medicaid Recipients (Data in Thousands)</i>	
	<i>Medicaid Payments</i>	<i>Percent of total</i>	<i>Number Recipients</i>	<i>Percent of Total</i>
National Total .....	\$54,500.2	100.0	23,510.7	100.0
New York .....	10,191.0	18.7	2,253.4	9.6
California .....	5,498.2	10.1	3,326.0	14.1
Ohio .....	2,665.9	4.9	1,134.0	4.8
Pennsylvania .....	2,458.0	4.5	1,100.8	4.7
Massachusetts .....	2,393.0	4.4	582.4	2.5
Texas .....	2,225.6	4.1	1,184.9	5.0
Illinois .....	2,103.3	3.9	1,043.0	4.4
Michigan .....	1,954.2	3.6	1,117.2	4.8
New Jersey .....	1,920.2	3.5	533.0	2.3
Minnesota .....	1,105.2	2.0	322.6	1.4

Source: Health Care Financing Administration: Medicaid State Data Tables, 1989, Draft Report.

**Table 8-4**

**Income Eligibility Levels for a Family of  
Three in the 10 Largest Medicaid States, 1990-91**

<i>Medicaid Jurisdiction</i>	<i>AFDC Elig. Level</i>	<i>Percent of Poverty</i>	<i>Medicaid MN Elig. Level</i>	<i>Percent of Poverty</i>
New York	\$7,476	70.8	\$8,508	80.6
California	8,328	78.9	11,208	106.1
Ohio	4,008	40.0	N/A	N/A
Pennsylvania	5,052	47.8	5,604	53.1
Massachusetts	6,948	65.8	9,300	88.1
Texas	2,208	20.9	3,204	30.3
Illinois	4,404	41.7	5,904	55.9
Michigan	5,748	54.4	6,660	63.1
New Jersey	5,088	48.2	6,792	64.3
Minnesota	6,384	60.5	8,508	80.6

Source: National Governors' Association. Data reflect standards effective July 1990.

any other state—serving 3.3 million beneficiaries, or 14.1 percent nationally, compared with New York which had 2.3 million beneficiaries or 9.6 percent of the nation's Medicaid population.)

**Nursing Home Reform.** The Omnibus Budget Reconciliation Act of 1987 (OBRA '87) made significant changes in the federal Medicare and Medicaid requirements for nursing facilities; and it was widely held that

California's nursing home standards, and enforcement of those standards, served as a model for OBRA '87. Nonetheless, in an effort to enhance long-term patient care in California, SB 1087 (Chapter 502, Statutes of 1990) was enacted and was believed to offer a superior option compared to further program expansion under OBRA '87.

Because SB 1087 addressed areas which were generally agreed to be outside of OBRA '87, that legislation contained a specific provision to guard against implementing both it and OBRA '87. SB 1087 was to become inoperative if an agency of the federal government or any court were to cause the state to implement Nursing Home Reform under OBRA '87 at any General Fund cost in either 1990-91 or 1991-92.

In late September, the federal Health Care Financing Administration (HCFA) notified the state that it had rejected California's Medicaid Plan due to alleged failure to implement OBRA '87 Nursing Home Reform. Concurrent with the HCFA rejection of the state's Medicaid Plan, a lawsuit was filed in an attempt to force the state to implement the Nursing Home Reform provisions of OBRA '87, and that case is pending. In light of these events, the state's Medicaid Plan was amended to implement those provisions of OBRA '87 that were not previously included in state regulations, and the resulting 1990-91 and 1991-92 General Fund costs of that amendment have been reflected in the budget. As a consequence of these pending expenditures, Chapter 502 is now inoperative.

The Department of Health Services also has notified HCFA of its intention to use the new federal survey forms in nursing facility reviews, and the still-to-be-determined staffing costs for those surveys will be addressed in a Finance Letter.

**Drug Discount Program.** Previously, the Medi-Cal Program, which is the largest purchaser of pharmaceuticals in California, did not receive any price discounts for the drugs supplied to beneficiaries. However, other public entities such as Los Angeles County, the federal Veterans Administration, and the California Department of General Services routinely received discounts on brand name drugs—often paying 20 to 70 percent less than the Medi-Cal Program.

Legislation passed as part of the agreements associated with the 1990 Budget Act, created the Drug Discount Program and authorized it to negotiate rebates for drugs previously included on the Medi-Cal Drug Formulary, (the Formulary has been superseded in statute by the "list of contract drugs") and to negotiate prices for new drugs to be added to that list. The Omnibus Budget Reconciliation Act of 1990 has now made drug price reductions a federal Medicaid requirement, and pending federal regulations in this area could alter California's program to some degree.

Since the Drug Discount Program began operation, eight contracts have been entered into with pharmaceutical manufacturers, and approximately 30 new drugs have been added to the list of contract drugs. Several of these new drugs previously had been available only through the treatment authorization request (TAR) process.

The Medi-Cal Estimate reflects a budget year net savings of \$2 million (\$1 million, General Fund) after

accounting for new drug additions and rebates on existing drugs. The estimated net savings over five years from these contracts are \$12 million (\$6 million, General Fund).

**Accrual Accounting and Capitated Health Coverage.** With the entirety of state fiscal affairs moving from a cash to an accrual accounting basis, the Medi-Cal program also will change to an accrual accounting basis. As a result, the Medi-Cal program will experience a one-time cost increase of approximately \$1.9 billion (\$876 million, General Fund). However, uniformity in statewide accounting methods will effectively eliminate previous financial obstacles to expanding Medi-Cal's use of capitated health systems as a means of delivering health care. Medi-Cal's experience with capitated health systems has shown that they are more cost-effective than fee-for-service providers, as they focus on preventative medicine.

Generally, capitated health system contractors (Prepaid Health Plans, Primary Care Case Management and County Health Systems, and other pilot projects) are prepaid a capitated rate for their services and therefore significant cash flow "pipeline" costs had tended to discourage use of these systems. By eliminating provider payment lags under the comprehensive move to accrual accounting, a major disincentive to using capitated health systems will be removed. The Administration will be proposing initiatives to expand the enrollment of beneficiaries in prepaid managed care systems, such as organized county health systems and primary care case management programs.

**Copayments.** The budget proposes to require copayments from Medi-Cal recipients to the extent permitted by federal law. These payments, ranging from 50 cents to three dollars, will be deducted from provider reimbursements. Net savings are expected to reach \$41 million (\$20.5 million, General Fund). A detailed analysis of Fiscal Intermediary costs associated with this change has yet to be developed.

## **Major Risk Medical Insurance Board.**

**Major Risk Medical Insurance Program.** The Major Risk Medical Insurance Program (MRMIP) is a new and innovative program developed to provide health insurance for Californians who are unable to obtain coverage on the open market. The program is administered by a five member Board which has established a comprehensive benefit package. Services in the program will be delivered through contracts with health insurance carriers. Californians qualifying for the program will participate in the payment for a portion of their coverage, and the state will supplement those premiums to cover the full cost of care. The program is funded by \$30 million from the Cigarette and Tobacco Products Surtax Fund (CTPSF), and is expected to be able to serve at least 10,000 individuals.



**Table 8-5****Number of Optional Benefits Provided by the 10 Largest Medicaid States 1990-91**

<i>Medicaid Jurisdiction</i>	<i>Cash Grant Recipients</i>	<i>Medically Needy Recipients</i>
New York .....	26	26
California .....	28	28
Pennsylvania.....	18	15
Ohio.....	24	N/A
Illinois.....	25	25
Michigan.....	27	27
Massachusetts.....	28	28
Texas .....	20	20
New Jersey.....	26	17
Minnesota.....	29	29

Source: Health Care Financing Administration, January 1991.

Eligibility for the program will be limited, within funds available, to California citizens who are not eligible for Medicare Part A and Part B and are unable to secure adequate private coverage. The benefit package includes basic inpatient and outpatient care, preventative services for minors, outpatient prescription drugs, emergency care, durable medical equipment, and limited rehabilitation services and mental health care. Subscribers will pay premiums equal to 125 percent of the standard average individual rate. Subscribers will also be responsible for specified copayments and deductibles.

**Expansion of Pregnancy Related Services.** The MRMIP model for providing health insurance for the uninsured population in California will also be applied to pregnancy related services. Currently, California provides pregnancy related services to women with family incomes slightly above the level which would allow them to qualify for the federal Medicaid program. This State-only component is part of California's Medi-Cal program, and funding is provided from the CTPSF. This program is scheduled to sunset, along with the other health and welfare appropriations from the CTPSF, on June 30, 1991.

In 1991-92, the current perinatal coverage for women, funded from CTPSF, through the Medi-Cal program is proposed to be replaced with a cooperative public-private program with expanded eligibility and administered by MRMIP. Women between 185 percent and 250 percent of Federal Poverty Level will become eligible for prenatal, delivery, and one year of well baby care services.

The state, the participants, and private insurance carriers will share the cost of the program through a premium structure negotiated by the Major Risk Medical Insurance Board. All participants will share premium costs based on family income. The state will subsidize participant payments with a \$90 million capped revenue transfer from the CTPSF. Carriers will provide coverage through their normal provider network of physicians and hospitals.

This expanded use of the MRMIP approach to delivery of health services will give some insights into changes necessary to provide incentives for increased access and participation that do not exist under the current Medi-Cal system. Also, improved access seems likely to encourage the establishment of early and ongoing patient-provider relationships. This, in turn, is expected to lead to a reduction in

problem pregnancies while creating an environment that emphasizes early intervention and preventative health care for mothers and their children.

### **Proposition 99: The Tobacco Tax and Health Protection Act of 1988**

In November 1988, the voters of California approved Proposition 99, the Tobacco Tax and Health Protection Act. Proposition 99 imposes an additional tax upon cigarette and tobacco products.

- 20 percent of the revenues collected from this tax is deposited into the Health Education Account to be used for the prevention and reduction of tobacco use.
- 35 percent of the revenue is deposited into the Hospital Services Account to be used for the treatment of hospital patients who cannot afford to pay for their treatment.
- 10 percent of the revenue is deposited into the Physician Services Account and is allocated to pay physicians for uncompensated services provided to patients.
- 5 percent of the revenue is placed into the Research Account for tobacco-related disease research.
- 5 percent of the revenue is deposited into the Public Resources Account and is allocated equally for both of the following: programs to protect, restore or maintain fish, waterfowl and wildlife habitat; and programs to enhance state and local park and recreation resources.



- 25 percent of the revenue goes into the Unallocated Account and is appropriated for any purpose provided for in any of the other accounts. (Refer to Tables 8-6 and 8-7).

In order to meet the mandates of the Initiative, that the funds from the Health Education, Hospital Services, Physician Services and Unallocated Accounts be allocated to health related programs, the Administration and the Legislature agreed on a two year allocation plan which was implemented through various pieces of legislation. The Governor's approval of these bills provided additional funding for health programs totalling over \$700 million in 1989-90 and over \$510 million in 1990-91.

The two year allocation extends only through the 1990-91 fiscal year. Additional legislation will be required to authorize expenditure of funds from the Cigarette and Tobacco Products Surtax Fund (CTPSF) in 1991-92. The Administration is proposing that such legislation be enacted and that it extend most of the programs previously funded from this source. The Administration proposal meets the need to fund increased caseload in the Child Health and Disability Prevention program, continues funding for the County Medical Services Program and local mental health programs, and provides \$226 million to counties for indigent health care. As noted above in the discussion of the Major Medical Insurance Program, the Administration is also proposing to expend \$90 million on a new program to meet one of California's most pressing problems, the lack of prenatal and postnatal care for low income women. Available revenues and proposed expenditures for 1991-92 are displayed in Table 8-8.

**Table 8-6**  
**Cigarette and Tobacco Products Surtax Fund**  
**Revenues and Expenditures—1988-89 and 1989-90**

**(Dollars in Thousands)**

<i>Revenues</i>	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
1988-89 .....	\$500	\$65,645	\$114,880	\$32,823	\$16,412	\$16,412	\$82,057	\$328,729
1988-89 Interest Earnings...		88	154	44	22	22	110	440
1989-90 .....	568	114,455	200,296	57,228	28,614	28,614	143,069	572,844
1989-90 Interest Earnings...	—	8,600	9,036	2,928	2,267	1,818	8,114	32,763
<b>Total, Revenues .....</b>	<b>\$1,068</b>	<b>\$188,788</b>	<b>\$324,366</b>	<b>\$93,023</b>	<b>\$47,315</b>	<b>\$46,866</b>	<b>\$233,350</b>	<b>\$934,776</b>
Transfers:								
Ch. 1168/89 (AB 60)		(20.0%)	(35.0%)	(10.0%)	(5.0%)	(5.0%)	(25.0%)	(100%)
Major Risk Medical Insurance Board .....	—	—	—12,000	—3,000	—	—	—3,402	—18,402
Major Risk Medical Insurance Board .....	—	—	—	—	—	—	—250	—250
Fish & Game to CWHPA.	—	—	—	—	—	—1,000	—	—1,000
Habitat Funds .....	—	—	—	—	—	—290	—	—290
Appropriation per Ch. 51/90	—	854	1,494	427	213	214	1,068	4,270
Total Transfers .....	—	854	—10,506	—2,573	213	—1,076	—2,584	—15,672
Revised Totals, Resources.	\$1,068	\$189,642	\$313,860	\$90,450	\$47,528	\$45,790	\$230,766	\$919,104
<b>Expenditures:</b> (Chapters 93, 1241, 1279, 1331 & 1400, Statutes of 1989; Chapters 51 and 467, Statutes of 1990)								
Board of Equalization .....	1,068 *1	—	—	—	—	—	—	1,068
University of California .....	—	—	—	—	40,923	—	—	40,923
Department of Health Services .....	—	65,322	298,028	81,213	1,658	—	168,869	615,090
Forestry & Fire Protection	—	—	—	—	—	1,256	300	1,556
Boating & Waterways .....	—	—	—	—	—	3,592	—	3,592
Fish and Game .....	—	—	—	—	—	3,811	—	3,811
California Conservation Corps .....	—	—	—	—	—	213	—	213
California Tahoe Conservancy .....	—	—	—	—	—	—	—	—
Water Resources Control Board .....	—	—	—	—	—	237	—	237
Wildlife Conservation Board .....	—	—	—	—	—	2,059	—	2,059
Parks and Recreation .....	—	—	—	—	—	12,246	—	12,246
Water Resources .....	—	—	—	—	—	213	—	213
Dept. of Mental Health .....	—	—	—	—	—	—	35,000	35,000
Office of Statewide Health Planning and Development .....	—	—	225	—	—	—	—	225
Department of Education .....	—	35,698	—	—	—	—	—	35,698
Resources Agency .....	—	—	—	—	—	—	—	—
Coastal Conservancy .....	—	—	—	—	—	1,448	—	1,448
<b>Total, Expenditures ..</b>	<b>\$1,068</b>	<b>\$101,020</b>	<b>\$298,253</b>	<b>\$81,213</b>	<b>\$42,581</b>	<b>\$25,075</b>	<b>\$204,169</b>	<b>\$753,379</b>
Remainder *2 .....	—	88,622	15,607	9,237	4,947	20,715	26,597	165,725

\*1 Includes 88-89 expenditures

\*2 Includes encumbrances/carryovers

**Table 8-7**  
**Cigarette and Tobacco Products Surtax Fund**  
**Revenues and Expenditures—1990-91 Amounts Available**  
**(Dollars in Thousands)**

<i>Revenues:</i>	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician's Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
Beginning Balance .....	—	\$88,622	\$15,607	\$9,237	\$4,947	\$20,715	\$26,597	\$165,725
1990-91 Revenues .....	\$468	109,266	191,216	54,633	27,317	27,317	136,583	546,800
Estimated Interest Earned...	—	10,600	6,300	1,800	2,700	1,900	5,300	28,600
Total Revenues .....	\$468	\$208,488 (20.0%)	\$213,123 (35.0%)	\$65,670 (10.0%)	\$34,964 (5.0%)	\$49,932 (5.0%)	\$168,480 (25.0%)	\$741,125 (100%)
Transfers:								
Per Proposition 117 .....	—	—	—	—	—	—	—13,658	—13,658
Habitat Funds .....	—	—	—	—	—	—1,200	—	—1,200
Total Transfers .....	—	—	—	—	—	—1,200	—13,658	—14,858
Revised Total Resources ....	\$468	\$208,488	\$213,123	\$65,670	\$34,964	\$48,732	\$154,822	\$726,267
Expenditures:								
Chs. 1331/89, 51/90, 1323/90 and pending leg- islation:								
Department of Education .....	—	\$32,600	—	—	—	—	—	\$32,600
Department of Mental Health .....	—	—	—	—	—	—	\$30,000	\$30,000
Department of Health Services* .....	—	123,677	\$198,487	\$58,777	—	—	122,064	503,005
Subtotal—Amount Expended .....	—	\$156,277	\$198,487	\$58,777	—	—	\$152,064	\$565,605
1990/91 Budget Act								
Department of Health Services .....	—	3,941	1,605	675	1,658	—	1,778	9,657
(Administrative Costs)								
Department of Health Services .....	—	6,805	—	—	—	—	—	6,805
DOE (Administrative Costs) .....	—	3,411	—	—	—	—	—	3,411
OSHPD (Administrative Costs) .....	—	—	452	—	—	—	—	452
UC Support .....	—	—	—	—	31,949	—	—	31,949
Resources Agency .....	—	—	—	—	—	525	—	525
CA Tahoe Conservancy ..	—	—	—	—	—	2,000	—	2,000
CA Conservation Corps ..	—	—	—	—	—	214	—	214
Forestry and Fire Protection .....	—	—	—	—	—	3,147	—	3,147
Fish and Game .....	—	—	—	—	—	7,609	—	7,609
Wildlife Conservation Board .....	—	—	—	—	—	4,485	—	4,485
Boating and Waterways ..	—	—	—	—	—	1,000	—	1,000
Parks and Recreation .....	—	—	—	—	—	23,259	—	23,259
Water Resources .....	—	—	—	—	—	1,764	—	1,764
Water Resources Control Board .....	—	—	—	—	—	773	—	773
Board of Equalization .....	\$468	—	—	—	—	—	—	468
Coastal Conservancy .....	—	—	—	—	—	1,302	—	1,302
Subtotal: 1990-91 Budget Act .....	468	14,157	2,057	675	33,607	46,078	1,778	98,820
<b>Total Estimated Expenditures .....</b>	<b>\$468</b>	<b>\$170,434</b>	<b>\$200,544</b>	<b>\$59,452</b>	<b>\$33,607</b>	<b>\$46,078</b>	<b>\$153,842</b>	<b>\$664,425</b>
Remainder .....	—	38,054	12,579	6,218	1,357	2,654	980	61,842
* Includes current year deficiencies								



**Table 8-8**  
**Cigarette and Tobacco Products Surtax Fund**  
**Revenues and Expenditures — 1991-92 Amounts Available**  
**(Dollars in Thousands)**

	<i>Admin Board of Equalization</i>	<i>231 Health Education Account</i>	<i>232 Hospital Services Account</i>	<i>233 Physician's Services Account</i>	<i>234 Research Account</i>	<i>235 Public Resources Account</i>	<i>236 Unallocated Account</i>	<i>Total</i>
<b>Revenues:</b>								
Beginning Balance .....	—	\$38,054	\$12,579	\$6,218	\$1,357	\$2,654	\$980	\$61,842
1991-92 Revenues .....	\$447	115,531	202,179	57,765	28,883	28,882	144,413	578,100
Estimated Interest Earned .....	—	7,100	3,600	1,600	2,200	1,300	2,600	18,400
Total Revenues .....	\$447	\$160,685 (20.0%)	\$218,358 (35.0%)	\$65,583 (10.0%)	\$32,440 (5.0%)	\$32,836 (5.0%)	\$147,993 (25.0%)	\$658,342 (100%)
<b>Transfers:</b>								
Per Proposition 117 .....	—	—	—	—	—	—	—13,268	—13,268
Perinatal Insurance Fund .....	—	—50,206	—24,536	—15,258	—	—	—	—90,000
Mjr Risk Med. Ins. Fund (Ch. 1168/89) .....	—	—	—18,000	—11,000	—	—	—1,000	—30,000
Habitat Conservation Fund .....	—	—	—	—	—	—10,087	—	—10,087
Total Transfers .....	—	—50,206	—42,536	—26,258	—	—10,087	—14,268	—143,355
Resources .....	\$447	\$110,479	\$175,822	\$39,325	\$32,440	\$22,749	\$133,725	\$514,987
Proposed for 1991-92 <sup>1</sup> .....								
Department of Health Ser vices .....	—	\$74,289	\$150,833	\$28,844	\$1,733	—	\$81,059	\$336,758
Dept. of Education .....	—	16,000	—	—	—	—	—	16,000
OSHPD (Administrative Costs) .....	—	—	474	—	—	—	—	474
UC (Administrative Costs) ..	—	—	—	—	26,852	—	—	26,852
Resources Agency .....	—	—	—	—	—	\$252	—	252
CA Conservation Corps .....	—	—	—	—	—	234	—	234
Forestry and Fire Protection ..	—	—	—	—	—	3,798	—	3,798
Fish and Game .....	—	—	—	—	—	4,280	—	4,280
Wildlife Conservation Board ..	—	—	—	—	—	60	—	60
Parks and Recreation .....	—	—	—	—	—	10,387	—	10,387
Water Resources Control Board .....	—	—	—	—	—	780	—	780
Board of Equalization .....	\$447	—	—	—	—	—	—	447
Department of Mental Health .....	—	—	—	4,000	—	—	36,000	40,000
Coastal Conservancy .....	—	—	—	—	—	—	—	0
Direct Pro Rata Charges .....	—	—	—	—	—	—	11	11
Total Expenditures, Governor's Budget .....	\$447	\$90,289	\$151,307	\$32,844	\$28,585	\$19,791	\$117,070	\$440,333
Reserve .....	—	20,190	24,515	6,481	3,855	2,958	16,655	74,654

<sup>1</sup> A late adjustment to CTPSF revenues could not be reflected in proposed expenditures because of printing deadlines. Therefore, the Administration intends to propose additional expenditures be included in the legislation which implements Proposition 99 during 1991-92.

## Department of Development Services

The Department of Developmental Services (DDS) is the principal state agency that assists and provides services to Californians with developmental disabilities. The Department administers seven developmental centers and contracts with 21 regional centers throughout the state to provide diagnosis, evaluation and provision or coordination of services. Eligible clients qualify for a broad array of services, including: developmental center and community housing; physician, surgeon and hospital care; psychological services and behavior manage-

ment; audiology, speech pathology, dentistry and dietary services; infant development and day care; in-home respite, nursing and homemaker services; social recreation, independent living, camping, art therapy, dance therapy, education and occupational therapy; and transportation to and from these and other services.

In 1991-92, the Department of Developmental Services projects caseload growth of 5,467 clients, or 5.3 percent. To serve this growth, this Budget proposes to appropriate \$1.26 billion dollars (net of the "trigger" reduction) including funding for 11,293 personnel years, an

increase of 8.6 percent compared to the amount appropriated in the 1990–91 Budget Act. Approximately \$638 million of this amount will be allocated to community programs through the regional center system, an increase of 11.7 percent compared with 1990–91, while \$595 million will be allocated for services in the state developmental centers, an increase of 2.8 percent. Budget adjustments for 1991–92 include the following:

- The addition of \$1.7 million and 39.9 personnel years in the state developmental centers to reflect a projected increases as well as changes in the client mix.
- The addition of \$1.9 million to the AB 1202 program, which mandates the department to send age-eligible pupils residing in state hospitals and developmental centers to public schools. These funds will provide for an increase in caseload of 37 clients, increases in the average cost per client and associated increases in transportation costs.
- The addition of \$2.6 million on a one-time basis to repair and upgrade toilet and bathing areas at three developmental centers.
- The addition of \$61.3 million to accommodate caseload growth of 5,465 clients and increased service utilization at the regional centers.
- The addition of \$11.0 million to fund rate increases for day programs in accordance with AB 877, Chapter 1396, Statutes of 1989.

## Department of Mental Health

Approximately 320,000 Californians will receive services from state and county mental health programs in 1991–92. The services vary according to the needs of the individual. Within the mental health continuum of care, individuals with manageable disorders are treated through a combination of residential and outpatient programs in the community. Individuals whose disorders make them incapable of living in the community receive fulltime inpatient care at the state mental hospitals operated by the Department of Mental Health. It is projected that 4,748 persons will reside in California's mental hospitals during 1991–92.

In 1991–92, \$797 million (net of the "trigger" reduction) and 7,554.2 personnel years are proposed to support both hospital and community programs. Included in these figures are the following adjustments:

- Institutions for Mental Disease (\$8.7 million) — Funding is provided for 360 beds (219 net new additional beds) to reflect caseload growth in the Institutions for Mental Disease program.
- State and Local Program Realignment (—\$431.7 million) — Responsibility for the majority of mental health treatment services will be transferred to the counties along with new revenue sources totalling \$435.7 million. These revenues are projected to grow significantly in future years.

- Immigration Reform and Control Act (IRCA) Program (—\$12.4 million) — The federal government has reduced California's share of the State Legalization Impact Assistance Grant which funds the IRCA program. As a result, all local assistance and program administration support positions will be eliminated.
- Community Services Program (\$40 million) — This appropriation is proposed to be funded by Cigarette and Tobacco Products Surtax Fund revenue. The funds will be subvended to the counties for non-categorical mental health services. Counties are free to use their non-categorical funds for mental health programs tailored to the needs of their communities.
- State Hospital Population Adjustment (—\$2.7 million) — The staffing in the State Hospitals will be decreased by 19 positions to reflect a net reduction of 85 beds. This reduction is due to an increase of 118 beds for mentally disordered offenders and decreases of 160 beds for Department of Corrections inmates and 43 beds for Judicially Committed/Penal Code patients.
- Civil Rights of Institutionalized Persons Act (CRIPA) Consent Decree (\$7 million) — The staffing at Napa State Hospital will be increased by 123 positions to comply with the consent decree entered in the case of *United States v. State of California, et al.*
- Reroof Atascadero State Hospital (\$4.7 million) — Funds from the Special Account for Capital Outlay (SAFCO) will be provided to reroof the hospital, to install safety railings on the roof, and to extend existing catwalks and add crossover stairs on the roof.

## Employment Development Department

The Employment Development Department provides a labor exchange for job seekers and employers, assists disadvantaged persons to become self-sufficient, aids unemployed and disabled workers by maintaining benefit payment programs based on insurance principles and collects payroll taxes to support state activities and benefit programs. The Governor's Budget proposes \$5.8 billion (net of the "trigger" reduction) and 10,727.3 personnel years in 1991–92 to accomplish these programs.

**Unemployment and Disability Insurance.** To alleviate the hardships on individuals and stabilize the economy, the budget provides \$2.43 billion for Unemployment Insurance benefits and \$2.41 billion for Disability Insurance benefits, thus providing monetary relief to individuals who suffer periods of unemployment, or non-occupational injury, illness or pregnancy. The Department expects to place 260,000 individuals in jobs, enroll 221,000 individuals in the Job Training Partnership Act and Employment Training Panel programs, and collect approximately \$17.4 billion in taxes.

**Automation Projects.** The proposed budget supports the Department's continuing commitment in automation technology to significantly improve the quality of



services provided, as well as the efficiency of operations. For 1991-92, the Department will be developing several systems, including the continuation of the California Unemployment Insurance Appeals Board (CUIAB) automation, the automation of the Unemployment Insurance Program's Management Information System (UI MIS) and the automation of the Job Training Partnership Program MIS at both the state and local Service Delivery Area levels.

The CUIAB automation system will replace the antiquated automated system currently in place at the Board's offices. This system will provide for the automatic transmission of appeal information from the local office to the CUIAB office, thereby reducing delays to appellants. It will also expedite the calendaring of cases and provide for electronic notification of appeal results from CUIAB to local offices for immediate action.

The Department will be implementing the UI MIS in 1991-92. This system will provide a single management information database to all users throughout the Department, replacing inconsistent and overlapping information systems. This system will provide timely and accurate information more efficiently.

The automation of the Job Training Partnership Program will establish an efficient centralized MIS that will allow state and local administrators to utilize consistent, accurate and timely data to make important program decisions. This system will replace decentralized subsystems that are obsolete, expensive and difficult to maintain, thus improving program oversight at the state and local levels.

## **Department of Rehabilitation**

The Department of Rehabilitation's primary goal is to provide, purchase and advocate services which will enhance the ability of persons with physical and mental disabilities to obtain or retain suitable employment and to live independent lives. During 1991-92, the Department expects to prepare 37,500 new vocational rehabilitation plans, and to complete the rehabilitation of 23,500 individuals. In addition, the Department expects to provide more than 18,000 developmentally disabled clients with work activity and supported employment programs. Over \$6.1 million in grants to independent living centers will enable the centers to assist more than 23,000 severely disabled persons achieve greater social and economic independence outside institutions.

The 1991-92 Budget includes 1,989 counseling and support positions located in 108 offices throughout California, and proposes total funding of \$265.7 million. This amount includes \$4.5 million to fund caseload growth in the Supported Employment and Work Activity programs.

## **Department of Social Services**

The Department of Social Services (DSS) is responsible for providing protection, care and other assistance to

eligible, needy persons. These services are provided through the Department's Welfare, Social Services, Community Care Licensing, Disability Evaluation and Employment Services programs. The proposed budget for 1991-92 is \$10.8 billion and 3,767.9 personnel years. This represents an increase of \$80.3 million, or 0.7 percent, over the revised expenditure level for the 1990-91 fiscal year.

**Payments for Children.** The DSS supervises county administration of the Aid to Families with Dependent Children (AFDC), Food Stamps, Foster Care, Child Support Enforcement and Social Services programs. In 1991-92, the budget provides \$225.9 million, General Fund, (net of the "trigger" reduction) for the State's share of local costs of administering these programs. This represents an increase of \$26.4 million, or 13.2 percent, over current expenditure estimates for fiscal year 1990-91.

The Department estimates that during fiscal year 1991-92 an average of 719,600 needy families each month will receive an AFDC grant. This represents an increase of 5.3 percent over the current estimate of average monthly caseload for fiscal year 1990-91 (and 8.3 percent over the estimate of 1990-91 monthly caseload at this time last year). Total General Fund expenditures in this program are estimated at \$2.2 billion in fiscal year 1991-92.

In addition, an estimated population of 72,300 per month will receive monthly foster care benefits during 1991-92. This represents an increase to average monthly caseload of 8,300 cases, or 13 percent, in this program. Total General Fund expenditures in the Foster Care program are estimated at \$743.8 million in 1991-92, an increase of \$118.6 million over current year appropriations.

The Child Support Enforcement program establishes and enforces court orders for child, spousal and medical support from absent parents on behalf of dependent children and their caretakers. In 1991-92, the state expects to be able to offset the General Fund cost of AFDC grants by \$99.7 million as a result of the operations of this program. This represents an increase of \$12.1 million, or 13.8 percent, over estimated 1990-91 collections.

**Supplemental Security Income/State Supplemental Program (SSI/SSP).** The Department administers the SSI/SSP which provides cash assistance to eligible aged, blind and disabled persons. The federal government determines basic eligibility and issues payments to persons who meet income and resource criteria established by the federal government. The state supplements the amount of the SSI grant, and the federal government administers the state's supplemental payments through local Social Security Administration offices. In addition, the Social Security Act Amendments of 1983 require California to maintain its SSP grants at or above the 1983 level. In 1991-92, the Budget proposes \$2.3 billion General Fund for support of the SSI/SSP



Table 8-9

**Comparison Of Payment Standards for the Ten Most Populous States  
As of August 1990**

States <sup>1</sup>	SSI/SSP Payment Standards				AFDC
	Independent Living Arrangement				Maximum
	Aged and Disabled		Blind		Aid
	Individuals	Couples	Individuals	Couples	Payment
California.....	\$630.00	\$1,167.00	\$704.00	\$1,372.00	\$694.00 <sup>6</sup>
New York <sup>2</sup> .....	386.00	579.00	386.00	579.00	577.00
Texas <sup>3</sup> .....	386.00	579.00	386.00	579.00	184.00
Pennsylvania .....	418.00	628.00	418.00	628.00	403.00
Illinois <sup>4</sup> .....	386.00	579.00	386.00	579.00	367.00
Ohio <sup>3</sup> .....	386.00	579.00	386.00	579.00	334.00
Florida <sup>3</sup> .....	386.00	579.00	386.00	579.00	294.00
Michigan <sup>5</sup> .....	417.00	625.00	417.00	625.00	575.00
New Jersey .....	386.00	579.00	386.00	579.00	424.00
North Carolina <sup>3</sup> .....	386.00	579.00	386.00	579.00	272.00

<sup>1</sup> In descending order by state population, 1980 census.

<sup>2</sup> New York's SSI/SSP grant level and AFDC maximum aid payments (MAP) vary within the state by region and other factors. For example, Suffolk County in New York state provides the highest AFDC grant (\$768.00). However, in New York City, which represents two-thirds of New York state's caseload, the MAP is \$577.

<sup>3</sup> These states do not supplement SSI for an independent living arrangement.

<sup>4</sup> Does not have a standard SSP allowance. Payments are based upon individual needs and circumstances.

<sup>5</sup> SSI/SSP grant level varies regionally within the state.

<sup>6</sup> The amount listed is the current grant level. The Governor's Budget proposes reducing this amount to \$633 in fiscal year 1991-92.

program which will provide assistance to approximately 934,600 eligible aged, blind and disabled persons. In 1991-92, the maximum monthly SSI/SSP grant is proposed to continue to be \$630 for an individual and \$1,167 per couple.

Table 8-9 provides a comparison of SSI/SSP payment standards and the AFDC maximum aid payment for California and the nine other most populous states.

**Child Welfare Services.** The Child Welfare Services (CWS) program provides emergency, maintenance and placement services to abused and neglected children and their families. These services are provided through four component programs within CWS:

- The Emergency Response component provides immediate in-person response, 24 hours per day, seven days per week, to reports of abuse, neglect or exploitation, for the purpose of providing intake services and crisis intervention to maintain the child safely in his or her own home or to protect the safety of the child;
- The Family Maintenance component provides time-limited protection services to prevent or remedy

neglect, abuse or exploitation, for the purpose of preventing separation of children from their families;

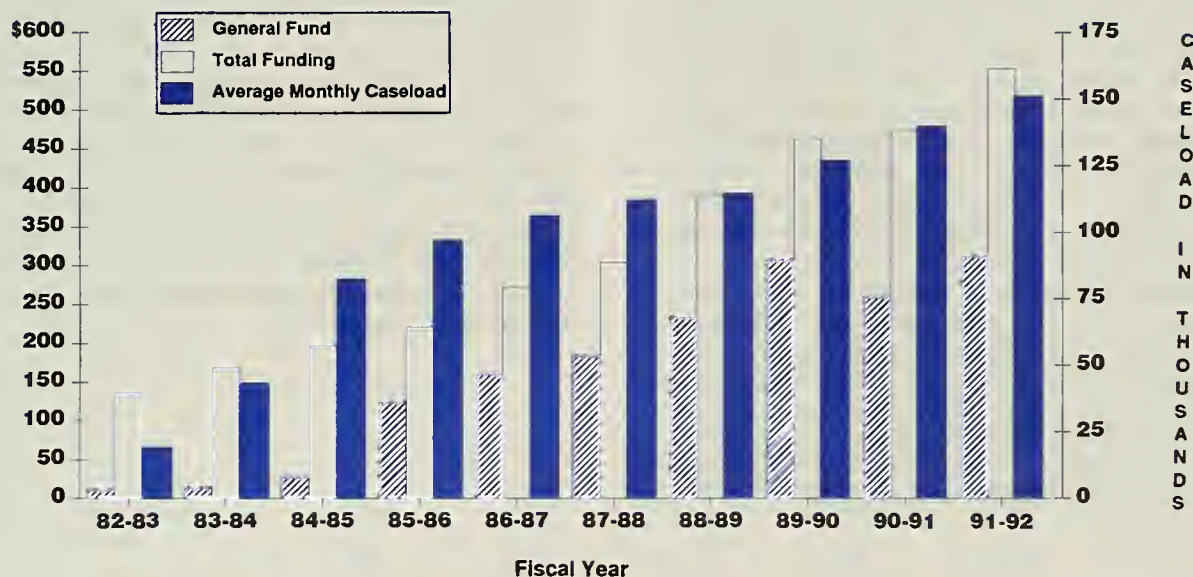
- The Family Reunification component provides time-limited foster care services to prevent or remedy neglect, abuse or exploitation when the child cannot safely remain at home and needs temporary foster care while services are provided to reunite the family; and
- The Permanent Placement component provides an alternative permanent family structure for children who, because of abuse, neglect or exploitation cannot safely remain at home and who are unlikely to ever return home.

Based on available data, the average monthly caseload for each component program during 1991-92 is projected as follows: Emergency Response, 39,700; Family Maintenance, 34,400; Family Reunification, 30,800; and Permanent Placement, 46,200. The amount proposed in 1991-92 provides an additional \$52.7 million General Fund for Child Welfare Services. This represents a 20.3 percent General Fund increase over the 1990-91 estimate. Over the last ten years there has been an average

Figure 8-D

### Child Welfare Services Caseload/Funding Comparison

(Dollars in Millions)



annual total funding increase of 33 percent (281 percent General Fund). (see Figure 8-D.)

Thus, while caseload has steadily increased over the last ten years, by comparison, during the same period, there has been over a three-fold increase in General Fund expenditures for this program.

**Employment Programs.** The Department of Social Services also administers the Greater Avenues for Independence (GAIN) program. This program is intended to reduce welfare dependency by requiring that AFDC recipients participate in a program providing education, training, employment counseling and supportive services. In 1988, the federal Family Support Act (P.L. 100-485) created the Job Opportunities and Basic Skills (JOBS) program, which borrowed from California's GAIN program for many of its provisions. Chapter 1568, Statutes of 1990 (AB 312) conformed California law to requirements of the federal JOBS program and insured continuing federal financial participation.

The 1991-92 Governor's Budget commits \$86.1 million, General Fund, to the continued operations of this program. This represents a reduction of \$3.5 million from current year appropriations. The Administration will continue to explore more cost-effective ways to administer

this program, including placing a greater emphasis on employment, in order to maximize the number of participants who can be served with existing resources.

### Immigration Control and Reform Act of 1986

The federal government enacted the Immigration Reform and Control Act (IRCA) in November, 1986. Through IRCA, funds were allocated to states to assist with the cost of providing public health, public assistance, and education services to eligible persons who have applied for legal residence status. Eligible persons are those people who have been illegally residing in the United States either prior to January 1, 1982 (pre-82s) or have been engaged in specific types of agricultural work for at least 90 working days before May 1, 1986 (special agricultural workers or SAWs). Pre-82 applicants had until May 4, 1988 to apply for temporary residency while SAWs could apply through November 30, 1988.

Over 3 million persons nationwide have applied for legal residence status according to the U.S. Immigration and Naturalization Service (INS). Of that number, more than 50 percent reside in California.



**State Legalization Impact Assistance Grant (SLIAG) Funding.**

The amount of SLIAG funds to be made available to states over the 5-year IRCA program, after deducting the estimated offset for federal costs, was expected to be \$3.5 billion. Of that amount, California's share (based on population and costs) would be about \$2.1 billion (60 percent). To date, California has been allocated \$1.4 billion.

The federal government did not provide the full allocation to states in federal Fiscal Year (FFY) 1990. As a result of the recent federal budget negotiations, the FFY 1991 allocation to states for IRCA programs was also reduced. California's share of the combined FFY 1990 and 1991 federal funding reductions amounts to almost \$0.7 billion. Apparently, the Congress intends that the deferred FFY 1990 and 1991 allocations be given to states during FFY 1992. However, there is no certainty that the federal government will actually provide the remaining funds to the states.

**Five-Year Expenditure Plan.** The initial five-year expenditure plan was presented in the 1988-89 Governor's Budget. The primary assumptions used in developing that plan were that SLIAG fund should be spent initially on essential programs, funds should be expended over four and three-quarters years, and funds should be allocated through regular program delivery systems to the greatest extent possible.

However, the five-year expenditure plan has been revised due to the above described reductions in federal funding. Unspent SLIAG funds have been identified in prior years. In addition, the current year expenditure estimate has been revised to reflect program savings as well as program reductions.

The strong probability that Congress will not provide full SLIAG funding in FFY 1992 requires the phase-out of budget year SLIAG funding for certain programs for which 1991-92 funding was identified in the five-year plan published in prior Governor's Budgets. Consistent with the reductions in the federal IRCA revenue projection for the budget year, only entitlement programs, as well as educational services required to meet the IRCA residency standard, are being proposed for funding. Should additional federal funds become available beyond the amount projected to be received in the budget year, it is proposed that that funding be reserved for the IRCA portions of entitlement programs in 1992-93.

Accordingly, a revised SLIAG five-year expenditure plan is presented in Table 8-10.



Table 8-10

**Immigration Reform and Control Act  
Estimated 5-Year Expenditure Plan**

**(Dollars In Thousands)**

<i>Program Allocation</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>Category Totals</i>
Public Health						
TB/Leprosy Control .....	\$1,995	\$2,446	\$1,500	\$832	-	\$6,773
Sexually Transmitted Diseases .....	2,586	1,540	1,024	1,929	-	7,079
Immunizations .....	24	183	179	242	-	628
Perinatal Services .....	178	265	1,062	-	-	1,505
Family Planning .....	-	1,101	1,800	989	-	3,890
Adolescent Family Life .....	70	194	710	1,489	-	2,463
IRCA Subvention .....	9,739	17,757	17,500	12,755	-	57,751
Public Health Administration .....	281	396	2,067	2,160	<b>\$1,115</b>	6,019
Subtotals .....	<b>\$14,873</b>	<b>\$23,882</b>	<b>\$25,842</b>	<b>\$20,396</b>	<b>\$1,115</b>	<b>\$86,108</b>
Public Assistance						
General Assistance .....	\$11	\$448	\$1,820	\$237	<b>\$237</b>	\$2,753
Foster Care .....	-	796	710	1,720	<b>1,720</b>	4,946
AFDC-FG .....	11	268	216	847	<b>1,406</b>	2,748
SSI-SSP .....	-	2,279	8,123	21,906	<b>35,387</b>	67,695
Food Stamps .....	17	129	243	473	<b>624</b>	1,486
Housing .....	-	511	600	600	-	1,711
Medi-Cal .....	-	7,959	35,769	145,231	<b>128,234</b>	317,193
Calif. Children's Services .....	253	407	355	355	<b>355</b>	1,725
Medically Indigent Services .....	72,881	145,301	188,466	201,678	<b>218,000</b>	826,326
County Medical Services .....	351	1,800	2,400	5,250	<b>3,507</b>	13,308
Primary Care Clinics .....	9,000	12,600	15,000	15,000	-	51,600
Mental Health .....	-	9,006	9,500	8,733	-	27,239
HCD Administration .....	-	55	59	65	-	179
DMH Administration .....	-	132	303	248	-	683
DSS Administration .....	209	515	558	636	<b>691</b>	2,609
DHS Administration .....	-	1,612	2,590	2,419	<b>2,144</b>	8,765
HWA Administration .....	-	1,208	1,113	1,399	<b>150</b>	3,870
Auditor General Administration .....	-	-	30	-	-	30
Subtotals .....	<b>\$82,733</b>	<b>\$185,026</b>	<b>\$267,855</b>	<b>\$406,797</b>	<b>\$392,455</b>	<b>\$1,334,866</b>
Anti-Discrimination/Ed.						
EDD .....	-	-	-	548	-	548
Employment & Housing .....	-	-	-	565	-	565
HWA .....	-	-	-	740	-	740
Subtotal .....	-	-	-	1,853	-	1,853
Education						
Adult Ed. ....	\$11,285	\$130,496	\$103,003	\$95,763	<b>\$35,000</b>	\$375,547
K-12 .....	1,000	1,000	1,400	-	-	3,400
SDE and CCC Administration .....	251	1,962	2,308	2,164	<b>1,000</b>	7,685
Subtotals .....	<b>\$12,536</b>	<b>\$133,458</b>	<b>\$106,711</b>	<b>\$97,927</b>	<b>\$36,000</b>	<b>\$386,632</b>
TOTALS .....	<b>\$110,142</b>	<b>\$342,366</b>	<b>\$400,408</b>	<b>\$526,973</b>	<b>\$429,570</b>	<b>\$1,809,459</b>



# Public Safety

A primary focus of this Administration will be the safety and security of the citizens of California. This commitment is clearly demonstrated in the budget for the Department of Corrections which contains funding increases to manage the tremendous and continuing growth in the number of dangerous felons incarcerated in state prisons. The state's correctional facilities will be operated in the most efficient manner possible and no adjustments are proposed for cost of living or inflation.

This Governor's Budget supports the correctional programs required for the steadily increasing prison and parole populations which result from tougher criminal sentencing laws and increased law enforcement efforts. For example, the Department of Corrections projects that the adult inmate population will grow to more than 118,000 by June 30, 1992 as a direct result of tougher sentencing laws. This will require a prison and parole workforce which will grow to nearly 32,000 personnel years in 1991-92. As shown in Figure 9-A, funding to support the various programs within the Youth and Adult Correctional Agency will grow to almost \$3.7 billion, an increase of nearly 16.4 percent over the current year. This growth reflects the recent trend in increasing prison populations in California and throughout the nation. For Calendar Year 1988, all state and federal prison populations increased by 7.3 percent compared to a 13.1 percent rate for the following year. Comparable rates for California showed 13.7 percent and 14.6 percent increases for 1988 and 1989, respectively. Despite this growth, California ranked only 18th among 50 states in its incarceration rate for prisoners who are sentenced to more than 1 year, having an incarceration rate of 266 inmates per 100,000 state population, compared to a nationwide rate of 274 inmates.

The following expenditure programs are included in the 1991-92 Governor's Budget.

## Department of Corrections

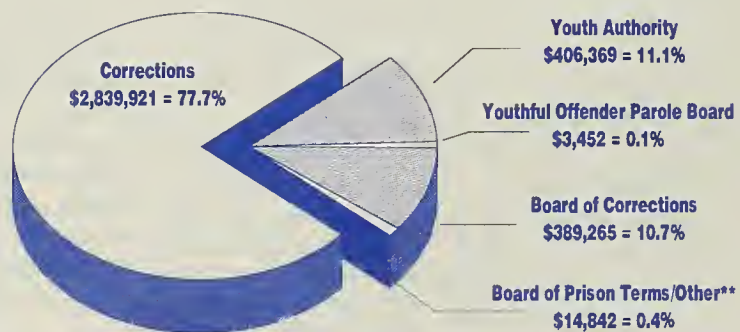
The Department of Corrections (CDC) is responsible for the incarceration of convicted felons and for the supervision of these felons after their release on parole.

By January 1991, California's prison population will have grown from less than 35,000 inmates in 1983 to more than 98,000. The Department now operates 20 institutions, 10 reception centers, 41 camps and 59 community correctional facilities with a total design capacity of about 55,900. In spite of the record levels of inmates and the fact that California prisons are operating at more than

**Figure 9-A**

### Youth and Adult Correctional Agency Proposed 1991-92 Expenditures\* All Funds

(Dollars in Thousands)



\*Includes state operations and local assistance costs only.

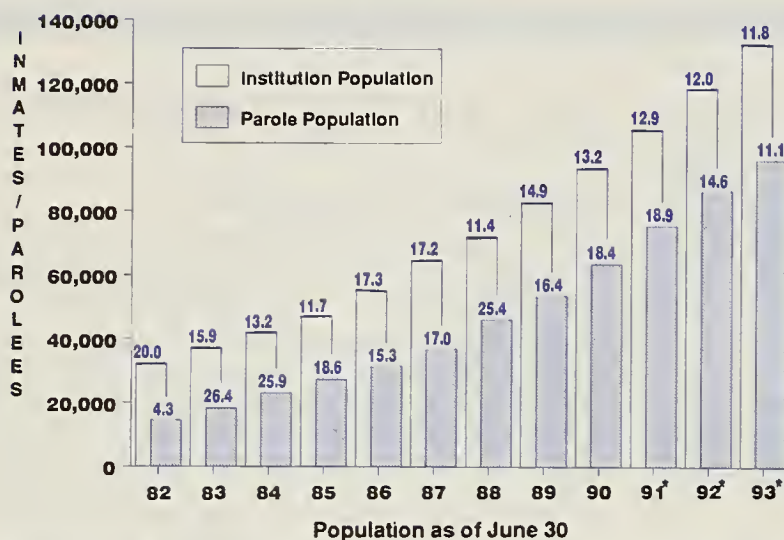
\*\*Includes Agency Secretary and Presley Institute.



**Figure 9-B**

**Department of Corrections  
Institution and Parole Population Growth**

(Populations and Percent Change)



175 percent of their designed capacity, the rates for violent incidents and escapes have decreased. During the last eight years, the parole population climbed at an even faster rate, growing from less than 15,000 to more than 69,000.

The Governor's Budget provides \$2.6 billion, excluding \$191 million in general obligation bond debt service costs and 31,886 personnel years for 1991-92 to accommodate these expanding populations (see Figure 9-B). While including additional support for the major program elements described below, the 1991-92 Budget also reflects a \$55.2 million unallocated "trigger" reduction.

The Department's institution population will increase by 12,088 and 12,710 in 1990-91 and 1991-92, respectively, reaching a total of 118,608 by June 30, 1992. In order to provide custody, security and support services for this increased institution population, the Governor's Budget proposes to add 2,081 personnel years at a cost of \$185.9 million for the budget year. This amount includes the staff and operating costs to fully activate the new institutions at Wasco and Delano in Kern County and at Calipatria in Imperial County.

The parole population will increase by 12,021 and 11,096 in 1990-91 and 1991-92, respectively, reaching a total of 86,814 by June 30, 1992. Supervision of this population

will require an additional 172 personnel years at a cost of \$13.8 million for the budget year.

A major policy objective of this Administration is to provide inmates meaningful employment and training to help ensure a positive transition when they re-enter society. The number of inmates working or being trained will increase from 30,000 in 1984-85 to 67,161 by 1991-92. This increase of more than 37,000 inmate jobs is a major step toward the goal of full inmate employment.

Despite the significant efforts that have been made to find inmate work opportunities, the continued rapid growth in inmate population makes full inmate employment an increasingly difficult goal. Too few current jobs offer inmates pay and the opportunity for the state to recoup any of the inmate's costs of incarceration. The recent passage of the Prison Inmate Labor Initiative of 1990 (Proposition 139) will allow the Department of Corrections to create jobs in cooperation with private enterprise which will in-turn provide inmates more transferable work experience and

generate income for inmates, crime victims and the state.

The Governor's Budget also supports new programs developed by the Department to help reduce prison overcrowding and keep parolees from returning to prison. Among these programs are 548 additional community facility beds to be acquired by June of 1992. These facilities house non-violent parole violators or soon-to-be-released inmates who are enrolled in work reentry programs. The 1991-92 Budget also includes continued funding of \$1.8 million to be used by the Department's Office of Substance Abuse Programs to support demonstration projects which will reduce drug abuse behavior among CDC inmates and parolees. \$9.9 million is also provided to continue the Substance Abuse Revocation Diversion program to provide intensive supervision and other controls for selected substance abusing parolees who have reverted to drug use.

## Prison Construction

Over the past 8 years, CDC has been responsible for the establishment of the most extensive and aggressive prison construction program in the history of the nation. The impetus behind new prison construction has been

the dramatic result of tougher laws and more severe penalties. No new prisons had been built in California

since the 1960s resulting in the overcrowding of the prison population reaching a crisis level and accelerat-

**Table 9-1**

**Department of Corrections  
New Prison Bed Construction Projects**

<i>Major Projects</i>	<i>Design Bed Capacity</i>	<i>Construction Start <sup>a</sup></i>	<i>Initial Occupancy</i>
<b>NEW PRISONS—COMPLETED:</b>			
Avenal State Prison.....	3,034	December 1985	January 1987
Mule Creek State Prison .....	1,700	January 1985	June 1987
Northern California Women's Facility.....	400	November 1985	July 1987
Richard J. Donovan Correctional Facility at Rock Mountain.....	2,200	May 1985	July 1987
CSP-Kings County at Corcoran .....	2,916	September 1986	February 1988
Chuckawalla Valley State Prison .....	2,000	May 1987	December 1988
Pelican Bay State Prison .....	2,280	March 1987	December 1989
Central California Women's Facility .....	2,000	October 1988	October 1990
Subtotal.....	16,530		
<b>MAJOR EXPANSIONS—COMPLETED:</b>			
California Men's Colony-West.....	900	1983	June 1984
California Medical Facility South.....	2,404	January 1984	October 1984
Southern Maximum Security Complex .....	1,000	June 1983	October 1985
Three 500-Bed Additions.....	1,500	November 1985	August 1986
CSP-Sacramento County at Folsom.....	1,728	April 1985	October 1986
California Institution for Women-Special Housing Unit.....	100	October 1986	June 1987
Subtotal.....	7,632		
<b>OTHER PROJECTS—COMPLETED:</b>			
Camps .....	1,330	Various	June 1984
Modular Housing Units .....	1,000	Various	June 1984
Subtotal.....	2,330		
<b>OTHER AUTHORIZED PROJECTS:</b>			
CSP-Kern County, Wasco .....	2,484	May 1989	February 1991
CSP-Kern County, Delano.....	2,492	February 1990	October 1991
CSP-Imperial County-North (Calipatria State Prison).....	2,208	March 1990	August 1991
California Reception Center-Los Angeles County.....	1,450	Pending <sup>b</sup>	Pending <sup>b</sup>
CSP-Los Angeles County.....	2,200	October 1990	Summer 1992
CSP-Fresno County at Coalinga .....	2,208	May 1991	March 1993
CSP-Imperial County-South .....	2,208	September 1991	February 1993
New Camps and Expansions.....	1,040	Pending <sup>b</sup>	Pending <sup>b</sup>
CSP-Madera II <sup>c</sup> .....	2,000	Pending	Pending
CSP-Riverside II.....	2,400	Fall 1991	Spring 1993
CSP-Lassen (Susanville) <sup>c</sup> .....	2,152	Pending	Pending
Joint-Use Facility at San Quentin.....	2,650	December 1991	July 1994
Subtotal.....	25,492		
GRAND TOTAL .....	51,984		

<sup>a</sup> First groundbreaking

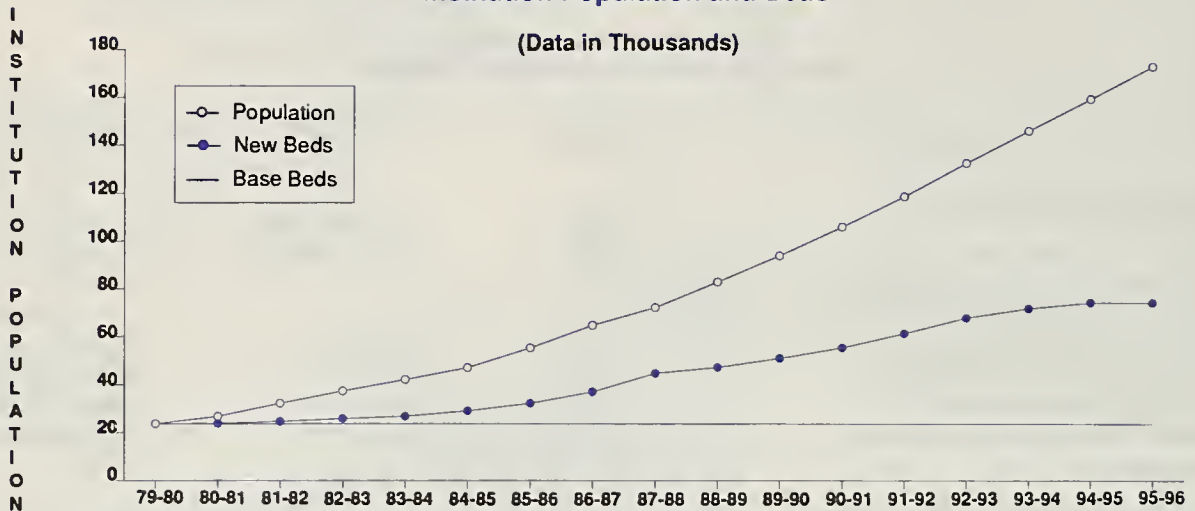
<sup>b</sup> Schedules to be developed upon completion of Environmental Impact Report

<sup>c</sup> Requires funding to complete construction



Figure 9-C

Department of Corrections  
Institution Population and Beds



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps as of June 30 of each fiscal year. Additional bed space is provided through other means, such as:

- o Addition of a second bed in individual cells.
- o Addition of temporary beds in gymnasiums, dayrooms, auditoriums and dormitories.
- o Addition of Return-to-Custody and other community-based facility beds obtained by contracts with local governments and private vendors.

ing the deterioration of existing prisons. As the prison population continued to climb, the New Prison Construction Program, administered by CDC, was established.

Before the New Prison Construction Program got underway, there were 12 prisons in the state prison system. To date, 17 major projects, which include three 500-bed additions and new modular housing units at existing institutions, varying in size from 100 to over 3,000 beds have been completed. In addition, the New Prison Construction Program has provided 11 new conservation camps (exclusive of 5 developed with support funding) and expanded 3 of the 24 existing camps. There are 1,000 additional camp beds in the planning stage and 40 under design. Upon completion, there will be a total of 5,046 camp beds. Four new prisons are presently under construction: California State Prison-Kern County-Delano, California State Prison-Kern County-Wasco, Calipatria State Prison in Northern Imperial County and California State Prison-Los Angeles County near Lancaster. Five projects are in design: a reception center in downtown Los Angeles; prisons in Fresno County, Southern Imperial County and Riverside County; and a joint-use reception center and 300 bed county facility in Marin County adjacent to the California State Prison-San Quentin. The Legislature has also authorized the con-

struction of two prisons: one in Lassen County (Susanville) and another in Madera County (Madera II) to be built adjacent to existing prisons. With the failure of the November 1990 Prison Construction Bond Act, there are insufficient funds available to complete these projects. Therefore, while design work continues on these projects, the balance of funding has been reallocated to meet the continuing needs for new camp and community based beds as well as for existing facilities capital improvements. Upon the completion of these projects, CDC will have added about 52,000 prison beds to the 26,000 beds available at the beginning of the New Prison Construction Program (Refer to Table 9-1 for a listing of all new prison-bed projects.)

A significant contribution to this effort has been possible due to CDC's use of various prototype building plans which, depending on the level and mission, can be refined and adapted, as needed, to new sites. The use of prototype building plans not only streamlines design and the construction process but also reduces design and construction costs. However, the prison population is expected to continue to increase. Unless, the new projects in Lassen and Madera Counties are completed as well as siting and building of additional prisons, the prison population will be overcrowded by about 230



percent by mid-1996. Even taking into consideration the approximately 10,000 planned community correctional beds, the level of overcrowding would only be limited to about 220 percent. Figure 9-C illustrates this disparity.

Presently, all prisons are critically overcrowded. Gymnasiums and dayrooms are being converted to house inmates that cannot be accommodated by double-celling and the overcrowding of dormitories. One of the few options remaining is the conversion of more areas to bed space that were not designated to house inmates, such as classrooms.

Financing the costs of new prison construction has been provided through a mixture of funding methods comprised of a combination of general obligation bonds, revenue bonds backed by lease purchase agreements and direct appropriations from the General Fund. General obligation bonds are the cornerstone. Five Prison Construction Bond Acts totaling \$2.6 billion of the \$4.3 billion New Prison Construction Program were approved by the voters in 1982, 1984, 1986, 1988 and 1990. The Legislature has also authorized a total of \$1.7 billion in financing of prison construction through State Public Works Board issued lease-purchase revenue bonds.

Even with the number of new beds added to the prison system, the increasing population puts a severe strain on existing institutions. The accelerated deterioration associated with prolonged overcrowding, combined with court decisions which specify conditions under which inmates may be housed, requires major capital improvements to many existing facilities.

The Governor's Budget proposes \$14.7 million from the \$450 million 1990 Prison Construction Bond Act to renovate the state's existing prison facilities. Allocations are included for:

- Improvement of security and safety features to accommodate the increased inmate population and a more aggressive type of inmate.
- Infrastructure rehabilitation and expansion projects.
- Numerous projects to rehabilitate, replace and/or expand inmate programming and support services space.
- Implementation of the Joint Venture Program which will provide employment of inmates in private industry.
- Modifications to accommodate overcrowding in new prisons.

A successful approach utilized by CDC has been the Inmate Day Labor Program which employs inmates under the supervision of union tradesmembers to accomplish capital outlay projects at state prisons. Since the inception of this program, it has provided meaningful work and new skills for inmates. Significant accomplishments under this program range from the modification of gymnasias to accommodate overcrowding, to the construction of a conservation camp.

## Department of the Youth Authority

The Department of the Youth Authority protects society from criminal and delinquent behavior by young people and provides training and treatment directed toward helping these youths become productive citizens. The Department also provides funding to local governments under the Criminal Justice System Subvention Program, the 1986 County Correctional Facility Capital Expenditure Bond Act and the 1988 County Correctional Facility Capital Expenditure and Youth Facility Bond Act.

The Governor's Budget proposes a total of \$350.6 million and 5,169.5 personnel years for the operation of the Department, which consists of 11 institutions and 5 conservation camps, as well as local assistance funding of \$55.8 million for 1991-92. General Fund reductions have required the Department to shift the Fenner Canyon Conservation Camp to the Department of Corrections and to delay the scheduled current year activation of the new N.A. Chaderjian institution. Despite this delay, this new institution will be available to reduce institution crowding by 600 beds in the budget year.

Youth Authority institutions are projected to house 8,144 wards by June 30, 1991. This is 56 more than the previously budgeted level of 8,088. By June 30, 1992, the institutions population is estimated to be 8,163 and reflects an overall population increase of 75. Included in these estimates is a decrease of 154 wards due to the implementation of three policy alternatives to reduce institution crowding. Two of these alternatives are expansions of existing community drug abuse treatment programs. The third alternative is an intensive pre-parole program designed to reduce institutional length of stay by 60 days for selected wards and includes the use of electronic monitoring devices.

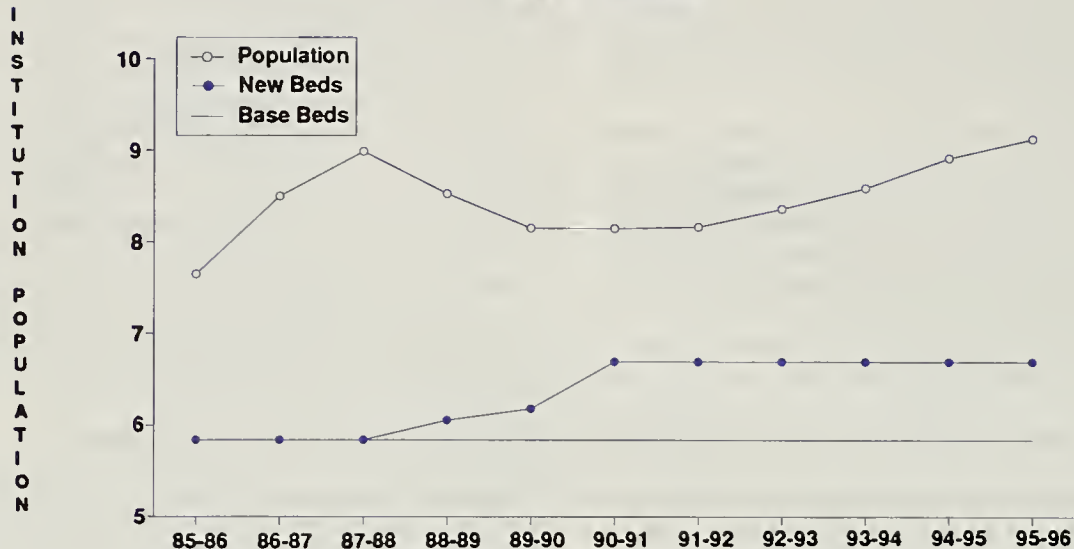
To date, the Department has fully implemented or begun eleven "bed-saving" alternative programs to reduce the ward population within the institutions. When fully implemented in 1991-92, including the new programs described above, these programs will have avoided the need for 1,251 beds, thus limiting institution crowding to approximately 122 percent of design capacity during the budget year. The programs focus on preparing the wards for successful reintegration in the community as productive citizens. Public protection is further increased by providing early detection of problems and early intervention through parole violator services, intensive parole supervision, home restriction involving the use of electronic monitoring devices, secure and structured community drug abuse treatment and ongoing job counseling programs.

The Department's five-year Population Management and Facilities Master Plan projects institution population to increase significantly by 1996. To cope with this increased population, the Department is nearing completion of the 600-bed N.A. Chaderjian School at the Northern California Youth Center (NCYC) in Stockton and has recently completed and occupied three, 100-

Figure 9-D

Department of the Youth Authority  
Institution Population and Beds

(Data in Thousands)



NOTE: "Beds" represent the institutional design capacity of authorized and proposed institutions and camps as of June 30 for each fiscal year. Projected population reflects all approved "bed-saving" alternative programs.

bed camp additions at Preston School of Industry, El Paso de Robles School and Ventura School. Projects currently in the working drawing and/or construction phase include expansion of kitchen space at El Paso de Robles School, a new infirmary at Fred C. Nelles School, a Staff Training Center, conversion of laundry space to Free Venture Programs at NCYC and the improvement of the water system at Heman G. Stark Youth Training School. Funds are allocated in the 1991-92 Budget for projects which include seismic modifications of Youth Authority schools, kitchen renovations at Heman G. Stark Youth Training School, a multi-purpose building and maintenance building at Fred C. Nelles School, a program center at El Paso de Robles School, and a sports area at Ventura School.

Finally, to support local juvenile facilities, the Department of the Youth Authority will allocate \$18.2 million in 1990-91 and \$15.2 million in 1991-92, from County Correctional Facility Bond funds.

Figure 9-D, illustrates actual crowding levels since 1986 and projected crowding levels through 1996. Most recently, on June 30, 1990, the Department was operating at 128 percent of institution design capacity. Future operating levels are expected to fluctuate downward in

the near term but projected to go up again and reach 139 percent of design capacity by the end of fiscal year 1995-96.

### Board of Corrections

Local detention facilities are also under pressure to handle the increasing number of criminals requiring incarceration. Local governments must also deal with court orders which significantly limit capacity in many older jail facilities. The 1991-92 Budget provides \$4.8 million and 51 personnel years for the Board of Corrections to support the construction and operation of local jail facilities. The County Jail Construction Financing Program in the Board of Corrections was started in 1980 to provide counties funding for remodeling or construction of county jails. Since then, five bond acts totaling nearly \$1.5 billion have been passed for this purpose. More than \$736 million have been disbursed to counties through 1989-90, \$153.9 million is estimated for disbursement during 1990-91 and \$265.3 million is proposed for distribution in 1991-92. Local jail capacities will be increased more than 28,300 beds and over 6,600 beds will be replaced. Additionally, the Governor's Bud-



get provides \$14.3 million in assistance to counties for training of local correctional and probation personnel.

As part of its effort to increase local government fiscal capacity and flexibility, the Administration is proposing to enhance local government's financial ability to deal with infrastructure needs, such as criminal justice facilities, by allowing the approval of local bonds upon a majority vote of the local electorate. This proposal is described in more detail in the State and Local Fiscal Relationship section of this document.

## California Highway Patrol

The Department of the California Highway Patrol (CHP) is the largest highway patrol in the United States and is recognized for its leadership on public safety issues. This Administration is firmly committed to maintaining this tradition of excellence to assure the safety of the motoring public and respond to their needs. For 1991–92, the Governor's Budget proposes a funding level of almost \$624 million and 9,022 personnel years for the CHP, an increase of 8.9 percent and 2.5 percent, respectively, above the 1990–91 levels.

The mission of the CHP is to protect the lives and property of motorists and to ensure the safe and efficient flow of traffic on the state's highway system. The Department's major priorities are the enforcement of traffic speed laws, elimination of driving-under-the-influence of drugs and alcohol (DUI), the use of seat belts by motorists, improving the safety of commercial vehicles (primarily trucks, semi-trailers and buses), traffic congestion relief, vehicle theft reduction, safe transportation of hazardous materials, and stopping the flow of drugs through the state. The Department carries out its mission through the activities of 8,804 uniformed and non-uniformed members currently stationed statewide. The CHP operates 99 area offices, eight division offices and a state headquarters in Sacramento. More than 98,000 miles of California's highways, about two-thirds of all roads in the state, are within the CHP's jurisdiction.

**Field Strength.** The Governor's Budget proposes an augmentation of \$2.6 million and 30 traffic officers and 5 support staff for 1991–92. With this augmentation, the number of CHP traffic officers will have increased by 656 since 1985. These additional officers and support personnel will staff five new traffic operations centers, which are operated jointly by the CHP and Caltrans and are designed to reduce traffic congestion. In 1991–92, the CHP estimates its traffic officers will work 3,152,000 road patrol hours.

**Traffic Safety.** Through the efforts of the CHP, substantial progress has been made in improving highway safety in the state. In 1989, California drivers logged an impressive 185 billion miles of travel on CHP-patrolled roadways. Yet, the mileage death rate, which is the number of deaths occurring on the highway system for each 100 million miles that motorists travel, was only 2.1.

The 1989 rate is lower than the national average and represents a significant drop from the ten-year high of 2.76 that occurred in 1980.

The CHP sustains a high level of safety through a variety of public education, traffic safety and special enforcement projects. These include ongoing road patrol efforts, aerial traffic services, special patrols to apprehend persons driving under the influence of drugs or alcohol, a comprehensive commercial vehicle enforcement program, an award-winning motorcyclist safety program, and a leadership role in state and national safety belt compliance programs.

Since 1986, when the state's safety belt law went into effect, California's mileage death rate has experienced consecutive all-time record lows—2.4 in 1987, 2.3 in 1988, 2.1 in 1989 and an anticipated 1.9 in 1990. During that time, safety belt usage by the state's motorists has virtually tripled, from 25 percent to 74 percent. As a result of the efforts of the CHP and the California Safety Belt Task Force, a body of local law enforcement agencies established in 1988, the state's safety belt usage rate is the second highest rate of any state in the continental U.S. In 1989, CHP officers issued 660,000 citations for safety belt violations; this year, the total is expected to approach 750,000.

**Drug and Alcohol Enforcement.** Almost half the fatal collisions in the state involve drunken drivers. Two new laws, one lowering the blood alcohol level used for determining whether a person is driving under the influence of alcohol, and the other empowering traffic officers to seize a drunken driver's license at the time of arrest, have substantially strengthened the resolve of the law enforcement community to wipe out drunk driving. During the last decade, the CHP arrested an average of 138,000 drunken drivers per year. For 1990, the total is expected to approach 160,000. Furthermore, according to the Department of Motor Vehicles, more than 120,000 driver's licenses have been seized by traffic officers since the "administrative per se" law took effect on July 1, 1990.

To assure safety for the motoring public from persons driving under the influence, the CHP is engaged in a number of prevention activities. One of these efforts is the use of sobriety checkpoints on roads with high incidences of DUI-related accidents, which was recently ruled to be constitutional by the United States Supreme Court. In 1989, the CHP conducted 78 sobriety checkpoint actions, almost 25 percent of them during the year-end holiday period. Similar totals are expected during 1990. These actions not only remove from the highway drivers who happen to get caught while driving under the influence, but also sensitize the public to the dangers of drinking and driving.

Another part of the CHP's campaign against driving under the influence is the Designated Driver Program, which encourages groups of people to designate one person as a non-drinker to ensure a safe trip home. This



program is expected to receive a significant boost in 1991-92 from the increased revenue generated by the five-dollar surcharge on liquor license renewals required under legislation enacted in 1990.

A substantial portion of the illegal drugs imported or produced in this state are transported along state highways where the CHP has jurisdiction. The CHP has taken aggressive steps to increase asset seizures from individuals who transport illegal drugs. A majority of the CHP's traffic officers have received federal training to enable them to recognize potential drug traffickers. This training has paid off in an increasing number of drug-related arrests and the seizure of large quantities of illegal substances being transported throughout the state.

**Transportation of Hazardous Material.** To protect the public from the unsafe transportation of hazardous materials, the CHP licenses and regulates transporters of such materials. The CHP inspects hazardous materials carrier terminals, vehicles, equipment, and loading and shipment procedures to reduce the likelihood or severity of an accident involving these materials. In 1989-90, the CHP inspected 3,522 terminals handling hazardous materials, recorded 67,487 violations at carrier terminals, and conducted 16,545 inspections of containers transported by hazardous waste hauler vehicles. The Governor's Budget proposes one additional personnel year for this activity during 1991-92 to enable the CHP to hire an expert in radioactive materials. This expertise is necessary for the Department to conduct public hearings required under the California Environmental Quality Act and to otherwise carry out the CHP's role in the transporting of radioactive materials throughout the state.

**Commercial Vehicle Enforcement.** To protect the public from the unsafe operation of commercial vehicles, the CHP operates a combination of scale and inspection facilities, and deploys mobile road enforcement patrol units on highways without these facilities, to inspect commercial vehicles for mechanical defects, driver fatigue, and failure to comply with weight, load, size, tie-down, vehicle registration and driver qualification requirements. The CHP frequently uses strike teams to concentrate patrol efforts at locations with heavy truck traffic and combines its ground and air units to ticket speeding trucks. The CHP also routinely visits motor carrier terminals to inspect drivers' records for violations of driving time, vehicle maintenance records for compliance, and vehicles for mechanical defects.

The Governor's Budget proposes an increase of \$1.4 million and 19 personnel years for the commercial vehicle enforcement program in 1991-92. This increased level of funding will allow the CHP to perform biennial inspections of all commercial vehicle terminals, as required by law.

**Vehicle Theft.** Vehicle theft continues to be a major problem in California. The CHP estimates that, in

1991-92, the number of stolen vehicles in California will increase to 316,790. In 1989-90, the CHP recovered 266,730 stolen vehicles valued at \$98.3 million. For 1991-92, the CHP estimates that its Vehicle Theft Control program will recover 282,945 stolen vehicles valued at \$110 million.

To protect the public from economic losses resulting from this crime, the CHP is engaged in several activities designed to discourage vehicle theft and to apprehend those who commit it. In the first place, the CHP has assigned officers full-time to investigate and prosecute vehicle thefts and vehicle theft rings and to coordinate investigations with other law enforcement agencies. Second, the CHP and the Los Angeles Police Department and Sheriff's Office have initiated a three-year pilot study to test Lojack, a pioneering anti-theft approach that uses a radio transmission device hidden in a vehicle that can be activated when the vehicle is reported stolen. Law enforcement agencies are able to use the radio signals to track the vehicle. The CHP also is conducting a pilot test of the International Teletrac system, which employs a similar, self-activating device. Third, the CHP initiated a public awareness campaign through its Vehicle Theft Prevention Week public service television messages that aired in August.

To enable the CHP to address the state's vehicle theft problem, the Governor's Budget proposes \$10.9 million and 137 personnel years, a continuation of the current level of funding.

**Telecommunications.** The CHP's telecommunications system is one of the largest and most complex statewide systems in the United States, handling more than eight million calls each year. In recent years, expansion of roadside call boxes and mobile cellular phones has greatly expanded the demand placed on that system.

To maintain the effectiveness of the CHP telecommunications system, the Governor's Budget proposes an additional \$16.1 million and 85 personnel years for telecommunications equipment and services in 1991-92. This includes \$9.5 million for new and replacement equipment, \$4 million and 5 personnel years for site development and equipment installation at remote radio stations, 33 personnel years to staff dispatch centers, 47 communication operator personnel years to be deployed in counties that are establishing roadside call box systems, and \$552,000 to equip 148 vehicles with mobile digital terminals for rapid transmission of driver identification information from the central database in Sacramento.

## **Office of Emergency Services**

The Office of Emergency Services' (OES) primary mission is to coordinate emergency activities necessary to save lives and reduce losses from natural and human-



caused disasters, and to accelerate recovery from the effects of disasters. The Office includes three programmatic divisions:

- **Mutual Aid Response**—This division provides emergency intergovernmental mutual aid services for immediate response to disasters. A state-wide communication system is maintained to obtain and disseminate critical information to all levels of government and the public.
- **Plans and Preparedness**—This division is responsible for the development of emergency response plans and preparedness activities at the state and local level. Training is provided through the California Specialized Training Institute covering a variety of subjects including preparedness, mitigation, response and recovery, earthquakes, hazardous materials incidents, terrorists incidents, and technical skills programs related to public safety.
- **Disaster Assistance**—This division provides aid to state and local agencies for repair and restoration of facilities and necessary services pursuant to the Natural Disaster Assistance Act and the Federal Disaster Relief Act.

The 1991–92 Governor’s Budget includes \$30.2 million (\$18.2 million General Fund) and 279 personnel years for OES’ operations. Another \$160.3 million (\$38.6 million General Fund) is included for payments to local government for losses incurred in previous disasters and other local assistance activities. The 1991–92 Budget proposes to establish 17 two-year limited-term positions for the purpose of completing the documentation and claims approval process following the Loma Prieta earthquake of October 17, 1989.

## Department of Justice

The constitutional office of the Attorney General heads the Department of Justice and is responsible for ensuring that California’s laws are uniformly interpreted and enforced. The Attorney General represents the state in civil and criminal proceedings, and represents the people in all matters before the Appellate and Supreme Courts of California and the United States. As the state’s chief law officer, the Attorney General represents the people in the enforcement of anti-trust, civil rights and environmental laws, investigates and prosecutes organized criminal activity and major fraud conducted in California, and coordinates statewide narcotics and other law enforcement efforts.

The 1991–92 Governor’s Budget essentially continues the level of funding and programs authorized in the Budget Act of 1990 and subsequent chaptered legislation. However, it should be noted that the recently elected Attorney General did not participate in the preparation of this budget. Should any additional policy, workload or organizational changes be necessary after the Attorney General has reviewed the budget, the

changes will be submitted during the Spring Revision process. The following information provides a brief overview of changes included in the 1991–92 Budget for the Department of Justice.

In response to the proliferation of clandestine laboratories in California which are illicitly manufacturing methamphetamine, the Legislature passed SB 2031 in 1990, creating a CrankUp Task Force Program in the Department of Justice. This program will target the investigation, seizure and clean-up of clandestine laboratories used to manufacture methamphetamine through the combined efforts of state, federal and local law enforcement agencies operating as task force teams.

Additional legislation enacted in 1990, established changes to improve the discipline system of licensed physicians and allied health professionals by creating a more expeditious and efficient adjudicatory system. Among these changes, the statute establishes a Health Quality Enforcement Section within the Department of Justice, with primary responsibility for prosecuting proceedings against licensees and applicants under the purview of the Medical Board of California, and for providing ongoing review of the investigative activities conducted in support of those prosecutions.

The 1991–92 Budget also includes a total increase of \$3.3 million and 63 positions to support activities of the Bureau of Criminal Identification (BCID). The primary responsibility of BCID is to provide identification services and criminal history information to local, state and federal criminal justice, licensing and regulatory agencies. The proposed funding will support BCID’s efforts to manage the steady increase in arrest and applicant fingerprints and disposition documents which are processed by the Bureau. In addition, the proposed funding will also support BCID’s Optical Character Recognition-Automated Criminal History System (OCR-ACHS) project. This project, which was implemented as a pilot study in 1988–89, will enable BCID to improve its overall processing of fingerprint documents by replacing select manual functions involving key data entry with the use of optical character readers.

## Office of Criminal Justice Planning

The Office of Criminal Justice Planning (OCJP), through its innovative grant programs to local governments, state and community service agencies, provides the state-wide leadership to improve California’s criminal justice and victim services system. The Office achieves this goal by providing financial and technical assistance to local governments, state agencies and the private sector; education and training for the state’s citizens; and technical assistance and research support for the Administration in the areas of law enforcement, crime prevention, juvenile justice, criminal prosecution and crime victim’s services.

For 1991–92, the proposed budget for the Office totals \$133 million and 144 positions, of which \$122.5 million is

for various local assistance awards. This amount includes \$79.4 million in funding for anti-drug abuse and gang violence suppression activities, \$26 million for victims of crime programs, and \$10.2 million for law enforcement and prosecution programs aimed at the most dangerous, repeat criminal offenders. It should be noted that although the net funding level has been reduced by the unallocated "trigger" reduction of \$916,000, the funding levels noted above do not reflect the impact of this reduction for local assistance grants. Major highlights in the Office's proposed budget include:

- Continued funding of nearly \$30 million for the Comprehensive Alcohol and Drug Prevention Education Program, a component of the Suppression of Drug Abuse in Schools Program. This program provides allocations to school districts to implement proven comprehensive drug and alcohol prevention, intervention and interdiction services to target student populations.
- Continued allocation of over \$40 million in federal anti-drug abuse funds. Of this amount, \$25.5 million is to be available for allocation to local law enforcement agencies, with \$14.5 million to be available for allocation to state agencies. The state allocation is used to support, among other things, a portion of the Department of Justice's (DOJ) CrackDown Task Force Program, continued support for DOJ's narcotics agents, and continued support for marijuana suppression activities for local law enforcement and local prosecution agencies.
- An increase of \$1.5 million for the victim/witness assistance, sexual assault victim services and child victim services grant programs. This increase will allow these programs to meet the growing demands for victim services and the rising costs to provide such services.

## Judicial \*

Article VI of the California Constitution creates the Supreme Court and creates the Courts of Appeal to exercise the judicial power of the state at the appellate level. In addition, the Article establishes the Judicial Council to administer the state's judicial system, and creates the Commission on Judicial Performance to consider complaints against judges.

For 1991-92, a budget of \$152 million and 1,093 positions is proposed for the State Judiciary. This amount represents a net increase of \$11.8 million, or 8.4 percent over current year levels of fundings. The Judiciary's 1991-92 proposals total \$17.2 million to handle increasing workload in several programs, including:

- An increase of \$7.7 million for the Courts of Appeal's court appointed counsel program, which represents a nearly 23 percent increase over 1990-91 budgeted levels.
- An increase of \$1.8 million to implement various enacted legislation which requires the Judicial Council to evaluate and implement the recommendations of the California Child Victim Witness Judicial Advisory Committee; provides for the centralized payment of assigned judges; and relates to court interpreters.
- An increase of \$7.7 million to provide funding for workload increases in support and administrative functions which would improve court operations and provide for the continued development of the Judiciary's automation systems.

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\* The proposals included in this budget are those submitted by the Judicial Branch of State Government and do not necessarily reflect the Governor's position on these issues.



# Environmental Quality

**T**he protection of the environment is essential to future generations of Californians. This Administration intends to implement policy to improve the quality of our air and water and to minimize adverse effects of the materials our society uses on the health of Californians. Because this is such an important task, it is necessary to protect the environment through a long-range planned approach which maximizes the effects of State policy, while avoiding unnecessary impediments to economic growth and society.

## Environmental Affairs Agency

The major challenge of the Environmental Affairs Agency and its three boards is protection of the physical environment of the state. There are increasing constraints in the area of funding environmental programs, both at the state and federal levels, which are a continuing concern. However, in 1991–92 state funding for environmental quality programs is proposed to increase by 18 percent.

The 1991–92 Governor's Budget proposes expenditures of \$586.9 million (including General Fund expenditures of \$64.4 million for General Obligation bond costs) and 2,461 personnel years for environmental programs throughout the state.

The Administration will be proposing a reorganization of the Environmental Affairs Agency into Cal-EPA. This proposal will be addressed by the Administration within the year.

## Air Resources Board

The Air Resources Board (ARB) has primary responsibility for protecting air quality in California by establishing ambient air quality standards for specific pollutants, controlling motor vehicle emissions statewide, and coordinating with local programs to control stationary sources of air pollution. These efforts require monitoring of ambient air pollution throughout the state and ongoing research in various air pollution areas, such as indoor air pollution, toxic air contaminants and acid deposition. In addition, the ARB is responsible for the review and approval of local district air quality management plans.

The 1991–92 Governor's Budget proposes \$96.9 million in total funding for the ARB, including additional funds for expansion of the following priority activities:

- \$3.3 million and 12 personnel years for continued implementation of the California Clean Air Act. Among other activities, these additional resources will permit the Board to develop market-based incentives aimed at decreasing the number of vehicle miles traveled and to develop test methods for consumer products.
- \$570,000 and 1.9 personnel years for the clean fuels program to develop new analytical test methods for testing motor vehicle fuels to determine whether the fuels comply with adopted and proposed regulations.
- \$226,000 and 1.9 personnel years to enhance the Smog Check Program. This will permit the Board to establish a process to increase vehicle owner response to recall notices.

The 1991–92 Governor's Budget also includes \$500,000 and 2 personnel years to fund the final year of the Local Fisheries Mitigation Program. This program is an effort by the Environmental Affairs Agency to mitigate the effects of offshore oil and gas development on the commercial fishing industry.

## California Integrated Waste Management Board

The focus of the California Integrated Waste Management Board (CIWMB) is to promote waste management practices aimed at reducing the amount of waste that is disposed of in landfills in the following priority: source reduction, recycling and composting, and environmentally safe transformation or land disposal.

The 1991–92 Governor's Budget proposes \$62.4 million in total funding for the CIWMB, including \$5 million to provide low interest loans to local government and private businesses to expand recycling efforts as authorized by legislation enacted in 1990.

The former California Waste Management Board was reformed in 1989 and renamed the CIWMB. The newly formed CIWMB is comprised of six members, four appointed by the Governor, one by the Assembly Speaker and one by the Senate Rules Committee. Significant program initiatives will be submitted for funding by the CIWMB once the full membership of the new Board has been seated.

## State Water Resources Control Board

The purpose of the State Water Resources Control Board (SWRCB) and the nine regional boards is to preserve and enhance the quality of the state's water resources and to assure their proper allocation and effective utilization. These objectives are achieved through two programs, water quality and water rights, by the following means:

- monitor and enforce waste discharge requirements.
- conduct a wastewater treatment plant operator training program.
- allocate the remaining unappropriated waters of the state.
- enforce permit conditions, prevent water wasting, and abate illegal water diversions.

The 1991–92 Governor's Budget proposes \$363.2 million in total funding for the SWRCB, including additional funds for expansion of the following activities:

- Waste discharge permit fee revenue increase of \$4.2 million and 58 personnel years to augment the core regulatory program for increased monitoring efforts of communities and businesses who discharge treated wastewater into California's waters.
- \$2.5 million and 15 personnel years for expansion of the Spills, Leaks, Investigations and Clean-up (SLIC) program to regulate illegal waste dischargers and oversee pollution clean-up activities at military bases in California.
- Implementation of legislation revising the fee structure of the Underground Storage Tank Clean-up program to provide \$55 million in grants to eligible tank owners for the reimbursement of their clean-up costs.
- Development of a computerized Bay-Delta Modeling system to facilitate better water management in California (\$669,000 and 8 personnel years).
- \$110,000 and 1 personnel years to conduct a survey of water and sewage reclamation plants to determine if reclaimed water may be suitable for use in wildlife refuges.

## Toxics

Californians annually produce about 10 million tons of toxic waste. Virtually every consumer product generates waste by-products. Safely disposing of these wastes is one of the greatest challenges facing our society.

The 1991–92 Governor's Budget proposes expenditures of \$366.1 million and 2,563 personnel years for various toxics programs statewide. This represents a \$42.8 million increase (13 percent) over the 1990–91 budgeted amounts.

Table 10-1 displays the existing and proposed funding levels of the various state departments concerned with toxics problems.

**Department of Health Services.** The Toxic Substances Control Program (TSCP) in the Department of Health Services regulates hazardous waste management, mitigates sites that have been contaminated by toxic substances, and encourages the development of treatment and disposal facilities as alternatives to waste disposal onto land. These efforts are carried out by four main programs which comprise the TSCP: Site Mitigation, Permitting, Surveillance and Enforcement, and Alternative Technology.

The 1991–92 Governor's Budget proposes \$102.3 million in total funding for the TSCP. This includes an increase of \$43,000 and 0.9 personnel years for the Emergency Response Program to respond effectively and quickly to major oil spills that occur in California pursuant to the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act.

**Department of Justice.** The Attorney General is responsible for enforcement actions arising under the state and federal Superfund laws and the Hazardous Waste Control Act. On behalf of the Department of Health Services, the Attorney General handles legal actions necessary to recover the costs incurred by the state to clean up hazardous waste sites. Some of these cases involve millions of dollars and multiple responsible parties.

**Department of Food and Agriculture.** The Department of Food and Agriculture is responsible for registering and regulating chemicals—primarily pesticides—that are used in the state. The 1991–92 Governor's Budget proposes \$748,000 in additional funding and 13 personnel years to improve pesticide use data collection.

**Office of Emergency Services.** The Chemical Emergency Planning and Response Commission appointed by the Governor has responsibility to implement the federal Title III program. This program provides regional emergency planning through six committees and is integrated with the state programs which emphasize local planning through the approximately 125 Local Administrative Agencies. The Office of Emergency Services (OES) provides technical support to both programs as well as review of plans. In addition, OES furnishes direct staff support to the Commission and committees, and provides hazardous response training to local agencies.

OES also operates the California Hazardous Material Incident Reporting System. OES collects and analyzes information provided by hundreds of local emergency response teams. This data is used to refine the emergency management system and is available to businesses.

**State Board of Equalization.** The State Board of Equalization collects fees from generators of hazardous wastes and from certain hazardous waste facilities as well as collecting an annual "Superfund" tax from generators of hazardous wastes. These revenues are



deposited in the General Fund's Hazardous Waste Control Account and the Hazardous Substance Account.

Legislation passed in 1990 established the Oil Spill Prevention and Response Act. The Board is responsible for collecting the fees associated with the implementation of the Act. These fees are deposited in the Oil Spill Prevention and Administration Fund. The 1991-92 Budget proposes \$396,000 and 8 personnel years to continue the program.

**California Highway Patrol.** To protect the public from the unsafe transportation of hazardous materials, the California Highway Patrol licenses and regulates transporters of such materials. Enforcement activities include the inspection of hazardous materials carrier terminals, vehicles, equipment, and loading and shipping procedures to reduce the likelihood of a severe accident involving these materials. The 1991-92 Budget proposes \$5.3 million and 103 personnel years for these enforcement activities.

**University of California.** The 1991-92 Budget proposes \$2 million for the University of California for research and to continue the clean-up of its toxic sites. The University also has non-state funded research programs relating to toxics. In addition, \$3 million is included for asbestos abatement.

**Department of Industrial Relations.** The Department of Industrial Relations enforces safety and health standards in the work place, investigates the causes of occupational deaths, and assists employers to maintain safe and healthful working conditions by providing research information, education and consultation in the field of occupational safety and health. The 1991-92 Governor's Budget proposes \$11 million and 140 personnel years to continue this program.

**Office of the State Architect and Higher Education.** The Office of the State Architect oversees and recommends alternative methods of hazardous substance removal in state owned facilities. This includes specific responsibilities for management compliance with underground storage tanks law, replacement of PCB contaminated equipment, and abatement of asbestos which poses a health hazard to occupants and visitors of state facilities. The Governor's Budget proposes to continue these programs in the budget year. Specific proposals include the following:

- \$2.4 million is proposed for the completion of emergency asbestos abatement projects identified in the 1987-88 survey.
- \$3.1 million is proposed to replace PCB transformers which are mandated for removal or upgrading under federal regulations.
- \$4.5 million is proposed for the installation of monitoring systems and precision testing of underground storage tanks, site investigations, and clean-up of leaking tanks in sensitive groundwater areas.
- \$5 million for the California Community Colleges for the removal and containment of hazardous substances. In addition, the Governor's Budget includes \$3 million to reimburse districts for their costs to develop hazardous materials business plans.
- \$1.2 million and 23 personnel years are included for the California State University for management and monitoring of air toxics and other hazardous substances.

Table 10-1

**Level of Effort Related to Toxics**  
(Dollars in Thousands) \*

<i>Department/Program **</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
<b>OFFICE OF EMERGENCY SERVICES</b>			
Provides technical and staff support for local and regional response plans, compiles data on hazardous materials incidents, and provides training to local government and business on hazardous materials management.			
General .....	\$343	\$335	<b>\$336</b>
Other.....	1,690	2,358	<b>2,309</b>
<b>TOTAL.....</b>	<b>\$2,033</b>	<b>\$2,693</b>	<b>\$2,645</b>
Personnel Years .....	33	38	<b>38</b>
<b>DEPARTMENT OF JUSTICE</b>			
On behalf of the Department of Health Services (DHS), litigates toxic waste cases to avoid further toxic pollution.			
<b>TOTAL (Other) .....</b>	<b>\$2,586</b>	<b>\$2,775</b>	<b>\$3,087</b>
Personnel Years .....	29	29	<b>29</b>

\* Budgeted basis unless otherwise stated.

\*\* Personnel years (PYs) are rounded to the nearest whole PY.



**Table 10-1—Continued***Level of Effort Related to Toxics**(Dollars in Thousands) \**

Department/Program ** .....	1989-90	1990-91	1991-92
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**BOARD OF EQUALIZATION**

The Board is directly funded for collection of hazardous waste fees, solid waste fees, and fees on crude oil and petroleum products.

TOTAL (Other) .....	\$4,471	\$4,419	<b>\$5,304</b>
Personnel Years .....	79	89	<b>90</b>

**GENERAL SERVICES**

Administers the Asbestos Abatement, PCB Equipment Replacement and Underground Storage Tank Removal programs in state facilities.

General .....	\$10,355	\$1,538	-
Other .....	5,000	9,000	<b>\$10,000</b>
TOTAL .....	\$15,355	\$10,538	<b>\$10,000</b>
Personnel Years .....	16	16	<b>16</b>

**TRANSPORTATION**

Responds to spills on public highways; investigates and evaluates potential waste sites; and cleans up sites located on highway project rights-of-way.

Federal .....	\$2,970	\$1,980	<b>\$1,980</b>
Other .....	13,072	12,657	<b>12,657</b>
TOTAL .....	\$16,042	\$14,637	<b>\$14,637</b>
Personnel Years .....	56	48	<b>48</b>

**HIGHWAY PATROL**

Regulates transportation of toxic and hazardous materials.

TOTAL (Other) .....	\$3,438	\$3,136	<b>\$5,324</b>
Personnel Years .....	102	102	<b>103</b>

**AIR RESOURCES BOARD**

Identifies and quantifies emissions of toxic air contaminants; develops and evaluates methods for reducing exposure to toxic air contaminants; and coordinates with local air pollution control districts to implement and enforce controls on sources of toxic emissions. Includes expenditures of the Environmental Affairs Agency.

General .....	\$558	\$551	-
Other .....	9,515	10,872	<b>\$11,905</b>
TOTAL .....	\$10,073	\$11,423	<b>\$11,905</b>
Personnel Years .....	112	113	<b>114</b>

**STATE LANDS COMMISSION**

Chapter 1248, Statutes of 1990, (SB 2040), mandated specific responsibilities of the Commission for the implementation of the Oil Spill Prevention and Response Act. The 1991-92 budget proposes to continue the same level of effort as authorized in the 1990-91 fiscal year. However, the total funding to fulfill the requirements of the Act is still under consideration, and the full funding of the program will be submitted to the Legislature for consideration during the Spring revision of the Budget.

TOTAL (Other) .....	-	\$1,600	<b>\$1,600</b>
Personnel Years .....	-	15	<b>30</b>

**FISH AND GAME**

Monitors aquatic and marine life and wildlife for effects of hazardous chemicals, and is responsible for off-highway hazardous spills and some related enforcement activities. Both the current and budget year reflect expenditures for the new Office of Oil Spill Prevention and Response, which is designed to address potential oil spills in California's coastal and marine waters.

General .....	\$255	\$33	<b>\$36</b>
Other .....	1,236	7,380	<b>6,304</b>
TOTAL .....	\$1,491	\$7,413	<b>\$6,340</b>
Personnel Years .....	57	43	<b>53</b>

**Table 10-1—Continued**

*Level of Effort Related to Toxics*

*(Dollars in Thousands) \**

Department/Program ** .....	1989-90	1990-91	1991-92
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**WATER RESOURCES**

Includes studying the health aspects of Delta water supply; advising Regional Water Quality Boards regarding water discharge; San Joaquin Valley drainage investigations; Environmental Water Quality Program, toxic element removal; monitoring asbestos in the California Aqueduct; replacing the Department's underground storage tanks; monitoring and disposing of geothermal waste products; and monitoring groundwater in the Delta.

General .....	\$954	\$852	<b>\$1,116</b>
Other.....	4,088	3,927	<b>3,954</b>
<b>TOTAL .....</b>	<b>\$5,042</b>	<b>\$4,779</b>	<b>\$5,070</b>
Personnel Years .....	33	28	<b>28</b>

**WATER RESOURCES CONTROL BOARD (Including Regional Boards)**

Regulates the disposal of chemicals to protect water quality including: permitting, monitoring and enforcement activities for hazardous waste facilities; pretreatment of potentially toxic industrial wastes; inspecting, monitoring and supervising the clean-up of leaking underground tanks which store hazardous materials and aboveground petroleum products storage tanks; identification of sources of contamination of drinking water wells; and identification and evaluation of leakage from solid waste disposal sites and surface impoundments.

General .....	\$12,960	\$12,159	<b>\$13,349</b>
Federal.....	9,262	16,843	<b>14,142</b>
Other.....	11,316	24,947	<b>87,867</b>
<b>TOTAL .....</b>	<b>\$33,538</b>	<b>\$53,949</b>	<b>\$115,358</b>
Personnel Years .....	333	437	<b>489</b>

**HEALTH SERVICES**

Regulates hazardous chemicals from origin to disposal including the development of alternative technologies; develops and maintains a research capability and information repository regarding industrial chemicals and work induced diseases; and provides clean-up of toxic dumpsites, emergency response, victim compensation and emergency response equipment.

General .....	\$16,069	\$6,248	<b>-</b>
Federal.....	32,255	26,557	<b>\$20,770</b>
Other.....	108,590	95,684	<b>96,802</b>
<b>TOTAL .....</b>	<b>\$156,914 <sup>a</sup></b>	<b>\$128,489</b>	<b>\$117,572</b>
Personnel Years .....	996	1,033	<b>1,033</b>

<sup>a</sup> 1989-90 funding is shown on an expenditure basis and reflects appropriations provided by Chapter 269, Statutes of 1989, as amended by Ch. 1032/89.

**UNIVERSITY OF CALIFORNIA**

Conducts research into toxic wastes. The topics researched with General Fund dollars include health effects, prevention/control of toxic wastes, environmental dispersion and basic toxicology with an emphasis on agriculture, occupational health and the state water supply. Also included are asbestos abatement efforts.

General .....	\$2,000	\$2,000	<b>\$2,000</b>
Other.....	2,200	3,000	<b>3,000</b>
<b>TOTAL .....</b>	<b>\$4,200</b>	<b>\$5,000</b>	<b>\$5,000</b>

**COMMUNITY COLLEGES**

Funds the development of hazardous substances inventories and emergency plans, and the removal and containment of PCBs, asbestos materials and underground tanks and their contents.

General .....	\$8,000	\$8,000	<b>\$8,000</b>
Other.....	5,000	5,000	<b>-</b>
<b>TOTAL .....</b>	<b>\$13,000</b>	<b>\$13,000</b>	<b>\$8,000</b>

**CALIFORNIA STATE UNIVERSITY**

Provides funding for the management and monitoring of hazardous materials and toxic substances, and for asbestos abatement.

General .....	-	\$1,205	<b>\$1,241</b>
Other.....	\$5,000	10,600	<b>-</b>
<b>TOTAL .....</b>	<b>\$5,000</b>	<b>\$11,805</b>	<b>\$1,241</b>
Personnel Years .....	-	23	<b>23</b>



**Table 10-1—Continued***Level of Effort Related to Toxics**(Dollars in Thousands) \**

Department/Program ** .....	1989-90	1990-91	1991-92
<b>INDUSTRIAL RELATIONS</b>			
Protects workers from hazardous chemicals, and monitors and regulates industrial carcinogens.			
General .....	\$6,187	\$6,187	<b>\$6,617</b>
Federal .....	3,067	3,067	<b>4,411</b>
TOTAL .....	<u>\$9,254</u>	<u>\$9,254</u>	<b><u>\$11,028</u></b>
Personnel Years .....	121	121	<b>140</b>
<b>FOOD AND AGRICULTURE</b>			
Certifies new pesticides; regulates pesticide labeling and use; monitors chemical pesticides use; tests for pesticide residues on fresh food products; identifies air and groundwater contamination attributable to pesticides; and identifies and requires implementation of procedures to mitigate any dangerous effects of pesticides. State and agriculture funds support approximately 276 county positions which are not displayed on this chart.			
General .....	\$19,728	\$15,705	<b>\$16,075</b>
Federal .....	772	787	<b>1,068</b>
Other .....	12,312	21,876	<b>24,835</b>
TOTAL .....	<u>\$32,812</u>	<u>\$38,368</u>	<b><u>\$41,978</u></b>
Personnel Years .....	280	314	<b>329</b>
<b>TOTALS</b>			
General .....	\$77,409	\$54,813	<b>\$48,770</b>
Federal .....	48,326	49,234	<b>42,371</b>
Other .....	189,514	219,231	<b>274,948</b>
TOTAL .....	<u>\$315,249</u>	<u>\$323,278</u>	<b><u>\$366,089</u></b>
Personnel Years .....	2,247	2,449	<b>2,563</b>

# Business, Transportation and Housing

**T**he Business, Transportation and Housing Agency's primary responsibilities are to strengthen California's business and housing climates and develop a safe and effective transportation system.

Because of the state's weak revenue growth and the recent downturn in economic activity, California will face unique fiscal challenges during the next 18 months. The programs administered by the Business, Transportation and Housing Agency will play major roles in the state's recovery from the immediate cyclical problems and in this Administration's long-term strategy of expanding the state's economy by developing its labor force, businesses and infrastructure.

For 1991-92, the Governor's Budget proposes expenditures of \$7.1 billion and 40,959 personnel years to address the business, transportation and housing needs of the state. This will mark the second year of a major increase in funding for this program area, due in large part to the passage of Proposition 111, the Transportation Congestion Relief and Spending Limitation Act of 1990. The proposed 1991-92 expenditures and staffing represent increases of \$2.1 billion (41 percent) and 4,318 personnel years (11.8 percent) above the 1989-90 levels.

The allocation of 1991-92 funding among the Business, Transportation and Housing Agency departments is shown in Figure 11-A.

## Budget Highlights

**Business.** The 1991-92 Governor's Budget for Business, Transportation and Housing departments proposes \$219 million and 2,446 personnel years to promote

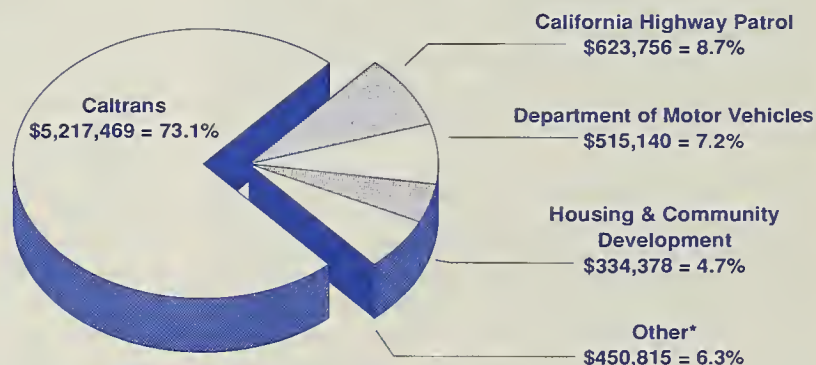
business development and job creation in California and to protect the public from economic loss and illegal or unethical business practices. Included in this total are \$6.1 million for the Small Business Development Center program, which is designed to promote economic development throughout the state, and \$8.1 million for the Competitive Technology program, which promotes the translation of business and academic research concepts into commercial products.

**Transportation.** The Governor's Budget proposes more than \$5.3 billion to develop and maintain California's 15,200 miles of highway and mass transportation systems. Included in the 1991-92 Budget are authoriza-

Figure 11-A

### Business, Transportation and Housing Proposed 1991-92 Expenditures All Funds

(Dollars in Thousands)

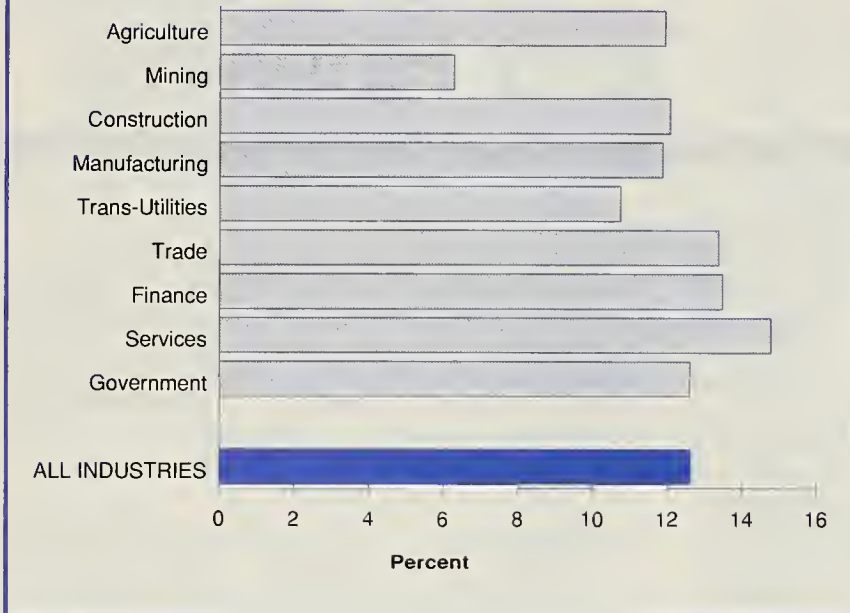


\*Reflects allocations for the Department of Commerce, Department of Insurance, Department of Real Estate, Office of Real Estate Appraisers, Department of Alcoholic Beverage Control, Department of Corporations, State Banking Department, Department of Savings and Loan, Stephen P. Teale Data Center, Office of Traffic Safety, Special Transportation Programs, California Housing Finance Agency and other miscellaneous organizations. Also includes the costs associated with Business, Transportation and Housing mandates and debt service.



**Figure 11-B**

**California's Share of U.S. Economic Output**



traffic operations centers to be operated jointly by the Highway Patrol and Caltrans. The existing three traffic operation centers have been shown to be instrumental in reducing the extent of traffic congestion resulting from major highway incidents. This approach is expected to be equally effective in other areas of the state. (For further details on the CHP budget, refer to the Public Safety Section of this Summary—California Highway Patrol.)

**Housing.** The Governor's Budget includes more than \$334 million to assist low-income and moderate-income families and migrant farmworkers to obtain affordable housing, and to enforce construction standards for mobile-homes and manufactured homes. To supplement this, the California Housing Finance Agency will issue \$700 million of tax-exempt bonds in 1991-92 to finance below-market interest rates for first-time home buyers and sponsors of low-income and moderate-income multi-family housing projects in the state.

tions of \$65 million to continue the state's Transportation System Management activities, which are aimed at reducing congestion on the state's highways, \$200 million for the Local Participation Program, which brings local and state transportation agencies together to solve local transportation problems, \$68 million to improve the seismic safety of the state's roads and bridges and \$66 million for the State Transportation Assistance Program, which provides assistance to local transit operators. In addition, the Budget proposes to authorize \$915 million of highway construction projects and \$431 million of mass transportation projects from funds made available by the passage of Propositions 108, 111 and 116 in June 1990.

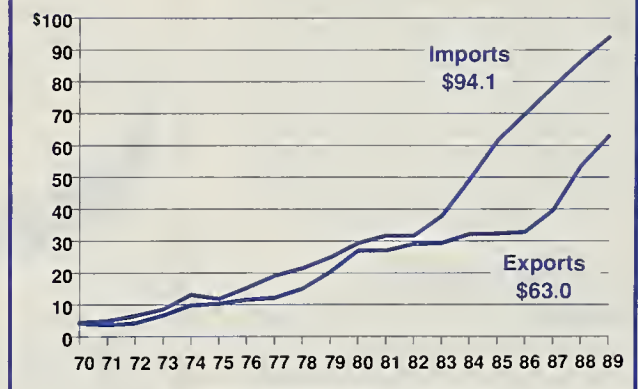
The 1991-92 Budget also proposes more than \$515 million to promote driver safety and to maintain the state's vehicle registration, vehicle identification and driver's license programs. Currently, more than 24.4 million vehicles are registered in California, and more than 19.8 million residents are licensed to drive in the state.

**Public Safety.** The Budget contains approximately \$624 million to support the California Highway Patrol (CHP), the state agency responsible for assuring the safety of the motoring public. Included in this total is \$2.6 million for an additional 30 traffic officers to staff five new

**Figure 11-C**

**Foreign Trade Activity in California**

(Dollars in Billions)



## Business

Several Business, Transportation and Housing departments are actively involved in promoting economic development and safeguarding the savings and investments of the state's citizens. The agencies with the primary responsibility for carrying out the state's economic development objectives are the Department of Commerce and the California World Trade Commission. The 1991-92 Budget provides \$44.8 million for these agencies to ensure that California remains a dynamic economic force, both domestically and internationally.

State government's business regulation activities are designed to foster a sound financial and business climate and protect the public from economic loss and illegal or unethical business practices. The responsibility for these regulatory activities rests with the Department of Alcoholic Beverage Control, the Alcoholic Beverage Control Appeals Board, the State Banking Department, the Department of Corporations, the Department of Insurance, the Department of Real Estate, the Office of Real Estate Appraisers and the Department of Savings and Loan. The Governor's Budget proposes \$177.2 million and 2,300 personnel years for these agencies during 1991-92.

## Department of Commerce

State government has an important role to play in fostering a business climate wherein private industry can provide jobs for all Californians who wish to work. The state's role in establishing a favorable business climate is even more important during periods of fiscal imbalance such as the one we face today. The agency with primary responsibility for the state's business climate is the Department of Commerce.

The Department of Commerce, with a staff of 146 personnel years and a proposed 1991-92 Budget of nearly \$42 million, plays a pivotal role in helping to attract new business and industry to California and facilitating expansion of businesses already located within the state. Efforts of the Department have contributed greatly to California's robust economy, which ranks among the top economies in the world and produces 13 percent of the U.S. economic output (see Figure 11-B). In concert with the World Trade Commission, the Department has been instrumental in expanding trade with foreign countries. As depicted in Figure 11-C, foreign trade activity (exports plus imports) in California has increased from \$45.2 billion in 1979 to \$157.1 billion in 1989, an increase of 248 percent.

The Department of Commerce plays a key role in encouraging firms to locate in California, expand their operations, and bring their new ideas to market. The Department's accomplishments in the areas of business development, local development, foreign investment, competitive technology, filmmaking and tourism are described below.

**Business Development.** The Department's Office of Business Development serves as an advocate for California's business community. The Office works to encourage non-California firms to locate in the Golden State and existing companies to expand their California operations, making sure that companies exploring business location or expansion opportunities in California are aware of the competitive advantages of doing business in the state.

In the past seven years, more than 2,000 companies have selected California for major expansion or location projects. More jobs were created in California during this period than in all of Western Europe. For 1990, the Office of Business Development assisted in the expansion, retention and location of 47 firms, resulting in an estimated 10,250 jobs being created or retained.

A few of the companies announcing major expansions in California within the past year include Kraft General Foods, B.P. Jones Furniture, Boise Cascade, Walmart Stores, Hughes Aircraft, Foster Farms and Sumitomo Metal Mining.

**Small Business.** The Department of Commerce's Office of Small Business provides varied services to persons currently operating, or interested in starting, small businesses. The Office is responsible for two major programs designed to strengthen the state's small business sector. The first program, the Small Business Development Center Program, was established in 1983 to provide a comprehensive, one-stop source of assistance to California's small business sector. In cooperation with the California Community Colleges and local agencies, the Department operates 16 small business development centers throughout the state. These centers provide counseling and technical assistance to small firms in areas ranging from selection of a business site to obtaining loans.

During 1989-90, 10,337 business owners and persons interested in starting businesses in the state contacted the centers. Nearly 2,700 business owners received in-depth, professional counseling and technical assistance during the fiscal year. As a result, 400 jobs were created and more than 300 jobs were retained.

For 1991-92, the Governor's Budget proposes to expand the reach of the program by adding \$1 million to the Office of Small Business' budget. Through this augmentation, the Department expects to enter into an agreement with the federal Small Business Administration to leverage state funding with \$4 million of federal funds, enabling it to open five new centers and to expand the services provided by the existing centers by the end of 1991-92.

The second program operated by the Office of Small Business is the Small Business Loan Guarantee Program. Operating through eight private, non-profit regional development corporations, the Office provides loan guarantees to banks and other financial institutions so that eligible small businesses and agricultural firms



can obtain much-needed credit. The regional development corporations are supported by a \$33 million trust fund and serve as a lender of last resort. Currently, 231 loan guarantees, worth \$20.5 million, are outstanding.

**Local Development.** The Department's Office of Local Development works closely with community officials on projects relating to downtown revitalization, responding to plant closures, and obtaining job training that is crucial to local economic development. The Office also assists communities in retaining existing firms and encouraging them to expand their operations.

In 1988, the Office, in cooperation with the Small Business Administration, formed the California Statewide Certified Development Corporation, a non-profit corporation created to provide SBA financing in areas not served by other agencies. Since its inception, the Corporation has approved 30 loans totaling \$12.2 million. This assistance is expected to create 826 new jobs.

The Office of Local Development also is responsible for administering the California Main Street Program, which focuses on the revitalization of downtown business districts in communities with populations of 50,000 or less. Over a three-year period, 15 cities were chosen as Main Street demonstration projects. These cities have produced net gains of 460 business locations or expansions and 446 jobs. In addition, design work completed in these communities include 900 facades and total public and private investment of more than \$48 million. Nineteen other independent cities have joined the state's Main Street network, and many other California communities are using Main Street as a model for downtown revitalization. For 1991-92, the Governor's Budget proposes \$300,000 and 3 personnel years to continue the current level of funding for the Main Street Program.

**Foreign Investment.** The Department's Office of Foreign Investment complements the Governor's overseas Offices of Trade and Investment in facilitating direct foreign investment in California. The Office, whose mission is to promote job creation and revenue-generating investment in California by encouraging foreign firms to locate here or to expand their operations in the state, is an essential part of the administration's long-range economic development program. During 1989-90, the Office of Foreign Investment worked with more than 50 foreign companies interested in expanding their operations in California.

The state continues to lead the nation in foreign investment, as measured by the number of foreign investment transactions. During 1988, California recorded 163 investment transactions. New York and Texas, the state's closest competitors, registered 116 and 64 transactions during the same year. California accounts for more than 12 percent of total foreign direct investment in the United States, as measured by dollar value. Measured in terms of employment California accounts for more than 10 percent of total direct foreign investment.

During 1989-90, Japan maintained its lead as the largest foreign investor in the state with 68,500 persons employed. It was followed by the United Kingdom (59,900 employees) and Canada (32,500 employees).

For 1991-92, the Governor's Budget proposes \$365,000 and 4 personnel years for this program.

**Competitive Technology.** California businesses face increasingly competitive global markets that are often driven by technological innovation. To assist California businesses to tap the technology and research base in California, legislation was enacted in 1988 to create the Office of Competitive Technology. The purpose of this program is to help California companies to commercialize the scientific and technical discoveries made in California nonprofit research institutions.

During the first two years of the program, 69 projects were initiated with total funding of \$24.4 million—\$13 million of state funds and \$11.4 million of private sector matching funds. During this period, several products already have been marketed. For example, one high technology firm has begun to sell high temperature superconducting devices that are used in earthquake detection and medical diagnosis. This company expects the more than \$100,000 in sales revenue generated this year to increase to at least \$500,000 next year. Another firm is already selling rice grown with 30 percent less water and without herbicides and pesticides. An innovation to be sold in early 1991 will be a major breakthrough in computer technology. A diagnostic test that will save lives and reduce treatment costs for individuals who have contracted harmful strains of amoebic dysentery also will be introduced in 1991.

Other projects have developed technologies that have tremendous potential to result in new products in large, rapidly developing or changing markets. These include flat TV screens, plants that are naturally resistant to insects, and large capacity computer storage devices.

For 1991-92, the Governor's Budget proposes to continue the current level of funding for the Competitive Technology program, thereby providing \$6.5 million for additional worthwhile projects.

**California Film Commission.** The production of films, television programs and television commercials in this state is a \$5.25 billion a year industry, employing more than 230,000 Californians, directly and indirectly. California continues to lead the nation in this area. Feature film starts in California increased by more than 91 percent from 1985 through 1989. In the first six months of 1990, 80 films were shot either entirely or partially in the state. In addition, more than 85 percent of all television shows and 54 percent of all television commercials are shot in the Golden State.

Through the California Film Commission, the state works with local communities and the film industry to continue building California's reputation as the entertainment capital of the world. One of the Commission's most effective



marketing tools is its Location Resource Library, which serves as a one-stop information center for companies considering filming in the state. Relying on the more than 110,000 photographs contained in the library, nearly 2,000 film projects used this facility and borrowed about 20,000 pages of photographs during 1990.

For 1991–92, the Governor's Budget proposes \$827,000 and 8 personnel years for the California Film Commission.

**Tourism.** Travel and tourism in California currently is a \$48.5 billion a year industry (\$26 billion, or 115 percent, larger than it was in 1980) and generates about \$1.9 billion in state tax revenues and \$840 million in local tax revenues. The number of jobs provided for Californians by this industry has increased from 488,000 in 1980 to 727,000 in 1989, an increase of 49 percent. According to estimates of the impact of travel on state employment, more than half a million jobs were supported by travel expenditures in 1989–90.

The Tourism marketing program, operated by the Department of Commerce's Office of Tourism, is an integral part of the state's plan to introduce non-residents to the attractions of the state. The tourism program is designed not only to increase the revenue of the state's travel and tourism industry and the employment of California residents, but also to introduce non-residents to the advantages of the rural areas of the state.

During 1990–91, the Department's budget for tourism was increased by more than 25 percent. For 1991–92, the Governor's Budget proposes to continue the Department's successful promotional efforts by providing \$8.2 million and 12 personnel years for this purpose.

### California State World Trade Commission

Created in 1983, the California State World Trade Commission is responsible for promoting policies and programs that expand overseas market opportunities and enhance the international competitiveness of California business. Included in the Commission is the California Export Finance Program. Established in 1984, this program acts as a bridge to make lending to small and medium-sized exporters more attractive to financial institutions by providing export finance insurance, co-insurance and loan guarantees. In its six year history, the program has supported nearly \$300 million in export sales and has provided assistance to over 368 companies in making their products and services known to foreign markets. For 1991–92, an additional \$1 million from the Unitary Fund is proposed, bringing the total funding for this program to over \$7.5 million. This increase will support an additional \$16 million annually in export sales.

## Unitary Fund

The Unitary Fund was established in 1986 to supplement existing programs in addressing California's infrastructure and economic development needs. The fund derives its revenue from the fees paid by corporations choosing the "water's edge" method of taxation. Revenue during 1991–92 is forecast to be \$25 million. The Governor's Budget proposes to continue funding the four programs that received funding from the Unitary Fund during 1990–91: the supercomputer facility at the University of California, San Diego (\$2 million), the Department of Commerce's Tourism Program (\$1.9 million), the Department of Food and Agriculture's Agricultural Export Program (\$1 million), and the World Trade Commission's Export Finance Program (\$1 million). In addition, the Budget proposes setting aside \$3.5 million from this source to fund California's display at Expo '92, which will be held in Seville, Spain. The funds for Expo '92 would be appropriated through legislation and are expected to leverage a like amount of private funds. The combined funding of \$7 million for Expo '92 will ensure that California is well represented at this international trade event. The balance of the Unitary Fund, approximately \$15.6 million, is proposed to be transferred to the General Fund to help address the current revenue shortfall.

## Department of Insurance

The Department of Insurance is the largest of the state's business regulatory departments. For 1991–92, the Governor's Budget proposes a total of \$71.2 million and 822 personnel years for the Department. The Department is actively involved in licensing and examining insurers, responding to consumer complaints, and eliminating fraudulent sales of insurance policies designed to cover medical costs not covered by Medicare, a practice known as "Medi-gap" abuse.

In 1989, 4,443 cases investigated by the Department of Insurance resulted in civil legal action initiated by the Department, administrative action (loss or suspension of license), or referral to a local district attorney's office. Of these cases, 250 involved fraud and are estimated to have cost the public \$6.5 million. During the first 9 months of 1990, the Department opened more than 3,934 cases for investigation. Of those, 150 related to insurance fraud involving more than \$2 million in losses to the public.

The Department attempts to identify troubled insurance companies before they become insolvent. In light of the weakening economy, the Department is attempting to increase the amount of time it spends analyzing financial data of the typical insurer. To enable the Department to double the time it spends per insurer, the Governor's Budget proposes an increase of \$553,000 and 8 personnel years for the Department's Financial Analysis Division during 1991–92. This represents a 42 percent increase in division staffing for 1991–92.



**Proposition 103.** In November 1988, the electorate passed Proposition 103. Proposition 103 makes the Insurance Commissioner an elected officer and authorizes the Commissioner to approve or reject rate increases proposed by property and casualty insurers. Proposition 103 also requires the Commissioner to provide consumers with comparisons of insurance company rates.

The Department of Insurance began implementation of Proposition 103 in the 1989–90 fiscal year. During 1989–90 and 1990–91, the Department hired the additional staff needed to implement the provisions of the proposition, completed the rate rollback hearings, and issued regulations for determining allowable insurance rates. During 1990–91, the Department also began the process of reviewing insurance company rate requests and developing a rate comparison system. The rate comparison system, including a 900 phone line, is expected to be installed by the end of the 1991–92 fiscal year. To date, the department's budget has been increased by \$24.6 million and 290 positions for implementation of Proposition 103.

**Earthquake Insurance.** In response to the October 1989 Loma Prieta earthquake, the State Legislature enacted legislation establishing the California Residential Earthquake Recovery Fund and creating a state-administered earthquake insurance program within the Department of Insurance. This program is designed to provide low-cost policies for persons living in areas of the state that are prone to violent earthquakes. The statute also authorizes the Department of Insurance to make low-interest loans for retrofitting seismically unsafe dwellings to mitigate damages resulting from earthquakes. The program will pay policyholders up to \$15,000 in the event they sustain earthquake damages.

During 1990–91, the Department is laying the groundwork for operation of the program by developing regulations, establishing insurance premiums for policyholders in different regions of the state and setting up a computer database to handle the large volume of information necessary to manage the program. The initial premium rates, which will vary from \$12 to \$64 per year, will be set according to age and type of building and by location. For 1991–92, the Governor's Budget proposes \$1.1 million and 13 personnel years to enable the Department to begin processing premiums and collecting data for refining the method of establishing equitable rates and for determining the actuarial soundness of the fund.

## **Department of Real Estate**

The Department of Real Estate, with 432 employees and a proposed budget of more than \$34 million, licenses and regulates the activities of more than 360,000 real estate salespersons and brokers. The primary objective of the Department is protection of the public interest in the offering of subdivided lands and real property securities and in other real estate transactions. The Depart-

ment works closely with the real estate industry and the state's universities, colleges, and trade schools to increase professionalism and establish educational standards that benefit both licensees and consumers.

For 1991–92, the Governor's Budget proposes an increase of \$778,000 and 16 personnel years to bolster the Department's audit, enforcement and prosecution activities. In addition, the 1991–92 Budget contains the following proposals to expand the availability of quality research on real estate and to encourage students to pursue careers in the real estate profession: \$3 million to fund education and research endowments at two University of California campuses, \$1 million for financial assistance for minority and disadvantaged students attending the California State University system, \$500,000 for financial assistance for disadvantaged students attending the community colleges, and \$300,000 for worthwhile real estate research projects. These proposals would be funded from the Education and Research Account of the Real Estate Fund.

The Department's licensing system is fully computerized and maintains data on more than 600,000 current and former licensees. However, the Department has been limited in its ability to use the data to produce automated, standardized documents and reports needed for the timely investigation and adjudication of complaints. To rectify this situation, the Governor's Budget proposes spending \$872,000 in 1991–92 to implement an office automation system throughout the Department.

## **Office of Real Estate Appraisers**

The Office of Real Estate Appraisers was created by legislation enacted in 1990. Independent of the Department of Real Estate, the Office of Real Estate Appraisers is responsible for administering the state's two-tiered program of voluntary licensing and certification of real estate appraisers. The Office was created in response to federal legislation that requires appraisers who are involved in federally-related loan transactions (including most mortgage business) to be licensed or certified by the state.

For 1990–91, the Business, Transportation and Housing Agency received a \$730,000 loan from the Real Estate Fund to develop regulations, hire staff and initiate the activities of the Office. The Agency has concluded that this amount is insufficient to enable the Office to carry out its mission and will propose legislation to increase current year funding by \$200,000.

For 1991–92, the Governor's Budget proposes \$1.3 million and 20 personnel years for the Office. The Office also will repay the full amount of the loan during the budget year.

## **State Banking Department**

The State Banking Department regulates 270 state-chartered commercial banks with total assets of \$105

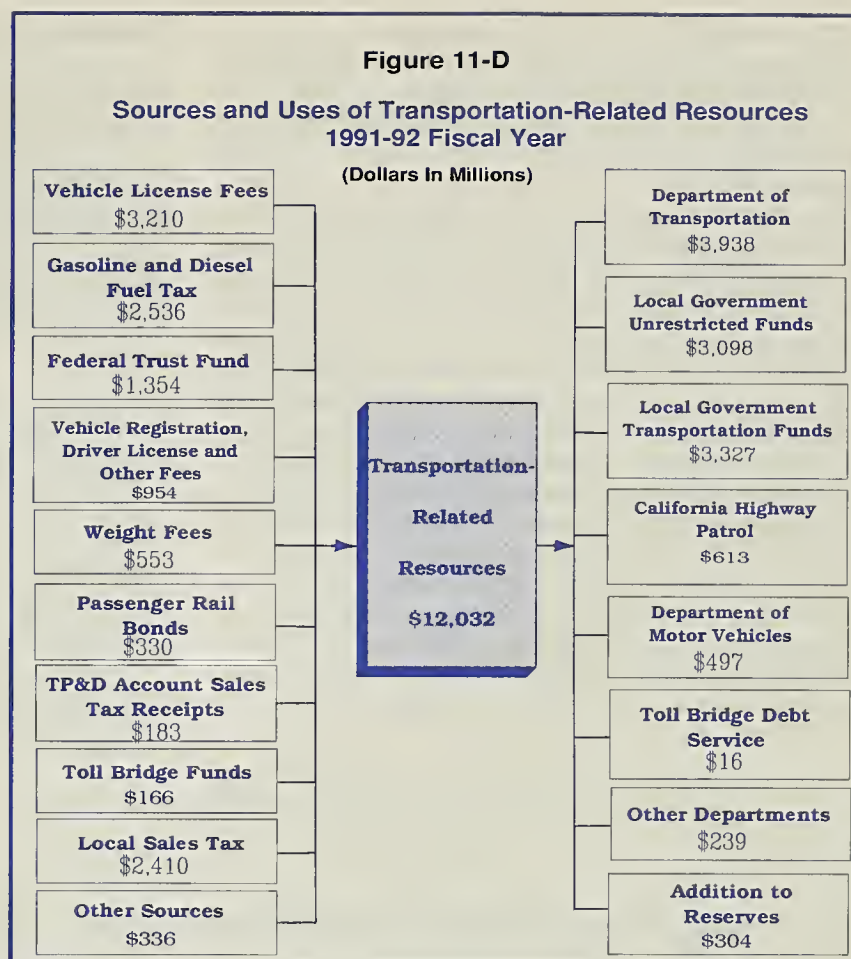


billion and supervises 22 state-chartered trust companies and 35 state-chartered banks holding a combined \$128 billion of fiduciary assets. The Department also supervises 103 branch and agency offices of foreign banks with total assets of \$84 billion. The Department is actively involved in increasing the soundness of the state's banks by conducting intensive examinations of banks known to have problems and focusing on specific areas in well-managed banks.

Because the banking industry is in a period of rapid change, the Department has stepped up its efforts to provide examiners with the latest tools and skills for identifying problem banks in time for taking effective remedial action. During 1990-91, for example, the Department began using laptop computers to assist its examiners in analyzing banks' financial conditions during their site visits. In addition, the Department is now obtaining much of the information it requires for examinations electronically, via communication lines set up with the Federal Deposit Insurance Corporation in Washington, D.C. For 1991-92, the Governor's Budget proposes to address the Department's need to enhance the skills of its examiners by providing \$45,000 for an annual state-wide examiner training conference. The conference will incorporate workshops, panel discussions and presentations to further develop the examiners' skills in a variety of technical and specialized examination policies and procedures. The Governor's Budget also proposes \$51,000 and 1 personnel year for the Department to monitor changes in the industry and to update and maintain the Department's manual of examination procedures and policies.

## Department of Corporations

The Department of Corporations currently enforces 16 different laws designed to protect the public from fraudulent and unethical financial dealings and to ensure the financial viability of various financial institutions and health care service plans. The Department is responsible for regulating the offer and sale of securities and franchises by more than 30,000 securities dealers and agents; licensing and examining more than 8,500 state-chartered credit unions, thrift and loan companies, and independent escrow companies; and licensing and



examining 120 health care service plans. In 1991-92, the Department also will begin enforcing the California Commodities Law of 1990, which is intended to protect the public from fraudulent commodities transactions.

The 1991-92 Budget proposes an increase of \$1.25 million and 30 personnel years to enhance the Department's ability to carry out these roles. In particular, the Governor's Budget proposes \$315,000 and 7 personnel years to enable the Department to implement the California Commodity Law and \$266,000 and 7 personnel years for the Department to audit credit unions at least once every 12 months.

## Transportation

State expenditures for transportation and related public safety programs are provided in varying degrees by the Department of Transportation, the California Transportation Commission, the California Highway Patrol, the Department of Motor Vehicles, the Office of Traffic Safety and local government agencies. Most of the revenue to support transportation expenditures in the state is derived from the state and federal gasoline tax,

the sales and use tax on diesel fuel, motor vehicle license and registration fees, weight fees for trucks and trailers, and local sales taxes. (Figure 11-D shows the transportation-related resources anticipated from these and other sources in 1991-92 and the uses of those resources.)

In addition to spending approximately \$6.4 billion on roads, highways, mass transit, vehicle licensing and registration, and public safety, the Governor's Budget provides more than \$102 million for transportation services for social service recipients. The programs are offered by several state agencies, including the Department of Transportation, the Department of Developmental Services, the Department of Rehabilitation, the Department of Alcohol and Drug Programs, the Department of Aging and the Department of Mental Health. The services have been consolidated to promote more effective and cost efficient use of available resources. The benefits of consolidation include larger equipment orders, thereby reducing unit prices, centralized vehicle dispatching and maintenance, and reduction of duplicative administrative activities. (Figure 11-E shows the distribution of state funding for these services in 1991-92.)

## Department of Transportation

The California Department of Transportation (Caltrans) is recognized as one of the world's outstanding transportation and engineering organizations. The Department constructs, operates and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways and provides rail passenger services under contract with AMTRAK and Southern Pacific Transportation Company. The Department also provides technical assistance and development loans to more than 200 of California's public general aviation airports.

The Governor's proposed 1991-92 Budget includes total expenditures of more than \$5.2 billion from federal funds, reimbursements and various state funds. This 1991-92 Budget is significant in that it marks the first full year of implementation of the legislative and voter mandates contained in three separate Propositions on the June 1990 ballot. In addition to providing a stable highway source of traditional highway funding over the next ten years, the voters recognize that rail transit—intercity, commuter and urban rail—are important alternatives in meeting California's transportation problems and dramatically increased funding for these programs. In the Transportation Congestion Relief and Spending Limitation Act of 1990 (Proposition 111)

and the Passenger Rail and Clean Air Bond Act of 1990 (Proposition 108), the voters approved a ten-year, \$18.5 billion increase in new transportation revenues. Of this total, \$3.5 billion is dedicated specifically for transit capital programs.

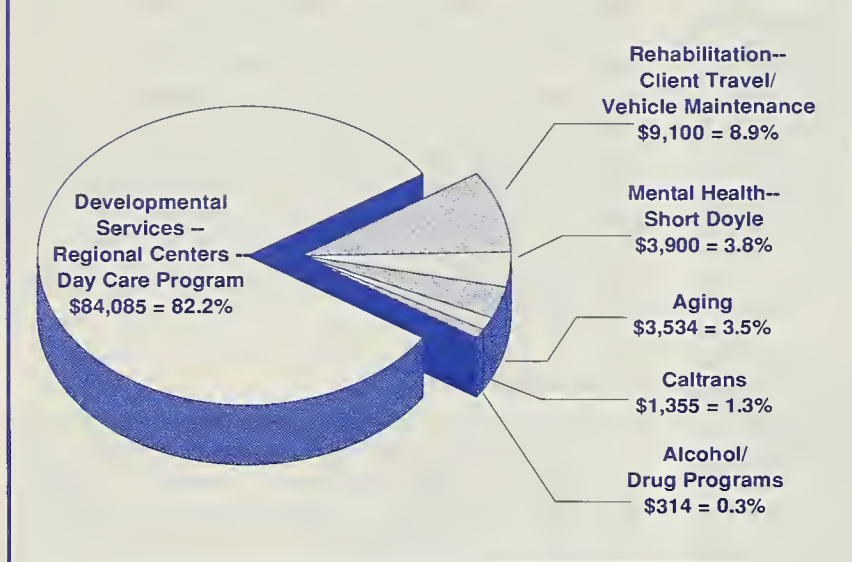
The remaining \$15 billion approved by the voters by their enactment of Proposition 111 is designated for the following purposes:

- \$1.25 billion for regional roads;
- \$1 billion for traffic systems management;
- \$3 billion for Flexible Congestion Relief (funds may also be used for transit capital purposes);
- \$150 million to complete all soundwall projects on the existing priority list;
- \$3 billion for subventions to cities and counties;
- \$2 billion for state/local partnership projects;
- \$100 million for an environmental enhancement and mitigation program;

**Figure 11-E**

### Transportation Services for Social Services Recipients Proposed 1991-92 Expenditures All Funds

(Dollars in Thousands)





- \$1 billion for state highway maintenance and operations; and
- \$3.5 billion to fund projects programmed in the 1988 State Transportation Improvement Program (STIP).

In addition to the first of three \$1 billion bond measures for rail improvements authorized by Propositions 108 and 111, the voters also enacted the Clean Air and Transportation Improvement Act of 1990 (Proposition 116), which makes an additional \$2 billion available for commuter, urban and intercity rail services in specified transportation corridors.

Besides providing new funding, the legislation that culminated in Propositions 108 and 111 included a long-term transportation plan, changes to speed up project delivery and reduce costs, and avenues to increase private sector participation in the design, construction, and operation of new transportation facilities.

Constructing new highways and rehabilitating existing highways alone will not eliminate current traffic congestion problems or prevent them from increasing in the future. The Administration will, therefore, continue to promote a variety of innovative congestion relief measures that complement the traditional measures of addressing the state's transportation needs. Some of these activities include:

- Modifying operations in state agencies to reduce peak hour commutes and congestion by making staggered work hours available to additional state employees; limiting trips and deliveries; reducing the use of state vehicles; and increasing, on a reimbursed cost basis, the number of vanpool vehicles available to state employees.
- Encouraging major private employers to do the same by assisting in the development of transit manage-

ment associations; expanding aggressive marketing campaigns to make people aware of rideshare opportunities; operating a \$4 million loan program to aid employers and employees in acquiring vanpool vehicles; and implementing, in conjunction with a similar project for state employees, a "Guaranteed Return Trip" demonstration project to ensure that people are not discouraged from ridesharing because of concerns that they will be unable to return home if an emergency arises.

- Continuing the development of innovative traffic management techniques such as in-road sensors to warn authorities of developing traffic tie-ups; computer equipped "smart cars" which can direct drivers to speedier routes or which reduce the distance between vehicles to allow more vehicles to use a section of roadway; application of advanced technologies to public transit to enhance the attractiveness of public transit alternatives to the single occupant vehicle; Traffic Operations Centers to provide rapid response to major accidents or incidents; incident response teams to clear freeway accidents or chemical spills more rapidly; and mobile towing services to reduce response time in eliminating traffic obstructions.

**Rail Passenger Services.** Caltrans contracts with AMTRAK and the Southern Pacific Transportation Company to operate three passenger train services: the Peninsula Commute Service between San Francisco and San Jose, which will be transferred to the new Peninsula Rail Transit District after June 30, 1993; the San Joaquin connecting Oakland and Bakersfield, with bus connections to many Central Valley communities as well as Los Angeles; and the San Diegan which operates eight trains daily between Los Angeles and San Diego, with two trains continuing to Santa Barbara.

Figure 11-F

### Rail Passengers on State-Supported Lines San Diegan/San Joaquin

(Data in Thousands)

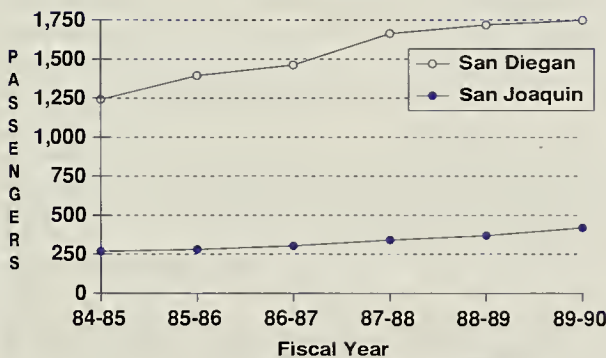


Figure 11-G

### Rail Passengers on State-Supported Lines Peninsula Commute Service

(Data in Thousands)

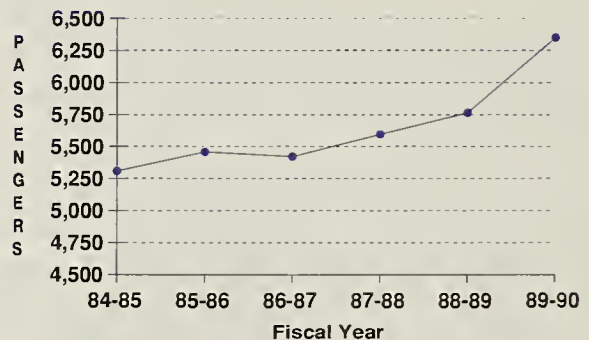
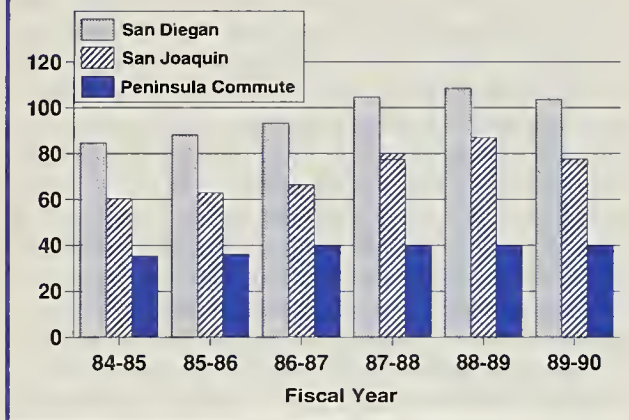


Figure 11-H

### Rail Fare Box Ratios

(Percent)



As Figures 11-F, 11-G and 11-H demonstrate, both the ridership and the farebox ratio (i.e., the ratio of revenue to operating costs) have been increasing fairly steadily on these lines. From 1984-85 to 1989-90, the San Joaquin farebox ratio increased from 60 percent to 78 percent and ridership increased from 270,000 passengers per year to 419,000 passengers per year. The Peninsula Commute Service's farebox ratio increased from 35 percent to 40 percent and ridership increased from 5.3 million passengers per year to 6.4 million passengers per year. During the same period, the farebox ratio of the San Diegan increased from 84 percent to 104 percent and ridership increased from 1.2 million passengers per year to 1.7 million passengers per year. The San Diegan continues to be one of the most successful intercity rail services in the country in this regard.

Because of the success of both the San Diegan and San Joaquin services, the 1991-92 Governor's Budget proposes \$3.5 million for two new passenger rail services: a Sacramento-Stockton extension of the San Joaquin and the initiation of service between Sacramento and San Jose. With the implementation of these proposed services and related integrated bus services, a traveler will be able to journey between the Bay Area and San Diego via the Central Valley and Los Angeles using intercity passenger rail services. Additionally, the Department is negotiating with AMTRAK to add a ninth San Diegan train.

The two bond measures provide funding for guideway acquisition, capital improvements and rolling stock purchases. The Governor's Budget proposes \$330 million for intercity, commuter and urban transit projects, to be funded from the Passenger Rail and Clean Air Bond Act of 1990, during the 1991-92 fiscal year. Another \$109 million is proposed for Transit Capital Improvements

funded from the State Highway Account and the Transportation Planning and Development Account.

**Capital Program/Project Delivery.** The 1991-92 Budget contains \$4.4 billion and 17,139 personnel years for highway programs, including \$2.2 billion for highway construction projects. Additionally, the Budget contains about \$480 million in local assistance funding to support local highway projects. The Governor's Budget proposes 9,141 personnel years for Caltrans to plan future highway construction projects, rehabilitate the existing highway system, and work with local agencies to plan and implement local transportation projects.

In spite of the disruption in operations caused by the Loma Prieta earthquake, Caltrans was able to deliver nearly \$1.1 billion of highway capital outlay projects in the 1989-90 fiscal year. This total was more than \$100 million greater than the prior year's delivery totals. The Department anticipates that it will again deliver in excess of a billion dollars worth of projects in both the 1990-91 and 1991-92 fiscal years. Some of the major projects scheduled for delivery in the budget year include:

- Twelve projects worth \$244 million for the Harbor Freeway Transitway project, Interstate 110, in Los Angeles County.
- Seven projects worth \$26 million towards completion of the Century Freeway, Interstate 105, in Los Angeles County.
- Three projects worth \$119 million for widening and interchange improvements on the Santa Ana Freeway, Interstate 5, in Orange County.
- A \$17 million high occupancy vehicle lane project on Highway 91 in Orange County.
- Four projects worth \$51 million for high occupancy vehicle lanes on Interstate freeways 10, 210, and 405 in Los Angeles County.
- A \$14 million freeway shoulder widening project on Interstate 5 in San Fernando Valley.
- A \$16 million widening and realignment project on Highway 118 in Saticoy, Ventura County.
- Six projects worth \$237 million for freeway widening of Interstate 680 in Walnut Creek.
- Three projects worth \$21 million for high occupancy vehicle lanes on Interstate 80 near Emeryville and Berkeley.
- A \$7 million freeway widening project on Interstate 880 near San Leandro.
- Two projects worth \$6 million for high occupancy vehicle lanes on Highways 17 and 101 near Scotts Valley and Mountain View.
- A \$17 million expressway project on Highway 101 near Hopland in Mendocino County.
- A \$38 million freeway project on Highway 101 to bypass the community of Cloverdale.



- A \$6 million interchange project at Shasta View Drive on Highway 44 in Redding.
- An \$11 million conventional highway widening project on Highway 49 near Auburn and Nevada City.
- A \$7 million freeway widening project on Interstate 80 near Vacaville.
- A \$17 million crosstown freeway project on Highway 4 in Stockton.
- A \$16 million freeway project on Highway 99 in the community of Keyes, Stanislaus County.
- Two projects worth \$6 million for passing lanes on Highway 395 near Mono Lake in Mono County.
- A \$6 million expressway project on Highway 395 near Coso Junction in Inyo County.
- An \$8 million expressway project on Highway 395 near Freeman in Kern County.
- Three projects worth \$17 million for widening of Highway 14 near Mojave and Freeman in Kern County.
- A \$6 million interchange project at Haven Avenue on Highway 60 near Chino.
- A \$20 million expressway project on Highway 86 near Coachella in Riverside County.
- A \$7 million auxiliary lane project on Interstate 8 in San Diego.
- A \$10 million project in San Diego to upgrade Highway 15 to Interstate Standards.

**Loma Prieta Earthquake Recovery and Restoration.** The Department continues its efforts to restore the damages caused by the October 17, 1989 Loma Prieta earthquake and to seismically retrofit structurally deficient bridges. During the 1990–91 fiscal year, the Department was authorized 320 personnel years for restoration and retrofit work. To date, more than \$100 million in restoration projects have been advertised and another \$100 million in projects are awaiting local agreement or professional agreement on the most effective restoration techniques. For the 1991–92 fiscal year, the Governor’s Budget is proposing an additional 530 personnel years and 200 personnel year equivalents (PYEs) of contracted engineering services to continue retrofit work on single column bridges, to continue research and initiate work on multi-column structures, and to continue the project development effort to repair or replace state highway structures currently closed to the motoring public as a result of the damage sustained in the Loma Prieta earthquake.

In addition to staff to perform work on State Highway System structures, the Budget proposes an additional 15 personnel years and 65 PYEs of contracted engineering services to inspect local structures and prepare the necessary retrofit designs.

**Local Participation.** Augmenting traditional sources of funding, local participation has assumed an increasingly important role in the funding of improvements to the

State Highway System. To date, 18 counties, comprising more than 80 percent of the State’s population, have enacted sales and use tax measures to fund transportation improvements. Over their lifetimes, these measures will generate nearly \$25 billion in transportation revenues. Approximately one-third of these revenues, or about \$8 billion, has been dedicated to improvements to the State Highway System.

The 1991–92 Budget proposes 1,462 personnel years and 229 PYEs and more than \$133 million for support of local tax measures. Included in this total are staff and funds for support of projects funded by local tax measures enacted by voters in the June 1990 and November 1990 elections.

In addition to its mandated workload on projects funded by local sales tax measures, the Department has a responsibility to provide project oversight on State Highway System projects funded by local government and private entities from other than local sales and use tax override sources. At present, more than 400 of these projects with a total local investment of nearly \$2.5 billion have been proposed. The 1991–92 Budget requests 135 personnel years to accommodate the increase in locally-funded project workload.

As noted earlier, the package of legislation that culminated in Proposition 111 expanded the opportunities for the private sector to become involved in the design, construction, and operation of transportation facilities. Legislation enacted in 1989 authorized Caltrans to solicit and enter into agreements in which the private sector would construct and “lease back” from the Department four transportation projects. Proposals have been solicited and four projects with a total value of \$2.4 billion have been selected. The Department is currently negotiating agreements specifying the scope of work to be performed under these projects.

**Research and New Technology.** Over the years, Caltrans has acquired a reputation for innovative highway design and maintenance features. Since the 1988–89 fiscal year, Caltrans research efforts have expanded to take advantage of the rapid strides made in electronics and applying these new technologies to addressing California’s transportation needs. The primary objectives of Caltrans’ new technology research program are to:

- Reduce traffic congestion;
- Improve air quality and reduce oil dependency;
- Maintain a healthy and competitive economy;
- Provide equity for all Californians in meeting mobility needs; and
- Reducing the costs of transportation services to the public and government.

Caltrans is proposing to establish, in cooperation with the University of California system, private sector and other governmental entities, a research and development center to carry on the essential work of applying



technology to address transportation problems. As the technologies the Department is researching move through their various stages of development, it will be necessary to perform tests and demonstrations in a controlled environment that duplicates the existing transportation system and can accommodate future advances in technology. It is envisioned that such a test facility and replacement facilities for the inadequate and obsolete Transportation Laboratory and Equipment Shop would be located in a research park environment enhancing the prospects for joint development with the private sector.

Appropriate funding of the Department's involvement will be requested through the capital project selection and priority setting process once the level of financial participation of the various governmental, educational and private sectors and the scope of the facility are determined.

**Maintenance.** The Governor's Budget proposes \$658 million for maintenance of the existing State Highway System. This level of funding will allow Caltrans to maintain the same level of service to the motoring public as it has in previous fiscal years. Included within this total is an additional \$4.6 million and 87 personnel years to comply with a court decision forcing Caltrans to use state employees rather than contracting for the maintenance of safety roadside rests.

## Department of Motor Vehicles

The Department of Motor Vehicles (DMV) is responsible for protecting property by the titling of vehicles, achieving driver safety through the licensing of drivers, protecting the public by regulating the vehicle industry, issuing identification documents and collecting licensing and registration revenues. As part of this responsibility, DMV collects revenue for various state and local government programs and provides information from its driver's license and registration files. In addition, DMV issues personal identification cards; screens driver license applicants for driving competency; regulates drivers who become safety risks; and licenses occupations and businesses engaged in the manufacture, transport, sale and disposal of vehicles. The Governor's Budget proposes \$515 million and 8,716 personnel years for DMV to address this workload in 1991-92.

Currently, there are 19.8 million licensed drivers and 24.4 million registered vehicles in California, representing increases of 26 percent and 28 percent, respectively, since 1979-80. Because of these increases, and because of the Department's desire to provide convenient, efficient public services, DMV has implemented many innovative techniques aimed at both customer convenience and processing efficiency. Several of these are highlighted in the narrative below.

**Public Service.** Californians demand fast and convenient service in all aspects of their daily lives. DMV has responded to those demands by attempting to make it as

easy as possible to do business with the state. The department established smaller field offices in shopping centers and other areas convenient to its customers. Since 1984-85, the department also has increased the number of field offices serving the public by 27 and has moved 31 other offices to more convenient locations. Other customer-oriented moves by DMV include permitting automobile clubs to register members' vehicles, collect fees, and issue license plates and stickers; opening on-site registration centers at several major private employers such as Hughes Aircraft and Universal Studios; and extending office hours to meet the needs of local communities.

In 1986-87, DMV initiated a phone and mail appointment system to enable the public to complete routine motor vehicle transactions by mail or phone instead of making repeated visits to field offices. Since then, there have been decreases in the number of complaints from the public and reductions in the average waiting time at DMV field offices. A survey of customer satisfaction conducted in DMV field offices for the month of November 1990 indicated that 87 percent of the respondents did not have a long wait, while 61 percent of the respondents indicated that service had improved since their last visit.

The 1988 installation of automated systems for vehicle registration and drivers' licenses has reduced the average time it takes a person to receive a driver's license or vehicle registration tag from DMV. The processing time for a driver's license has been reduced from 22 to 12 days, and the processing time for mail renewal of a driver's license has been reduced from 24 to 7 days.

Automation also is serving to reduce the number of state employees needed to serve the public. Since 1980, automation efficiencies at DMV have resulted in savings or cost avoidances of about \$21.8 million and 976 personnel years.

**Public Safety.** Through its Driver Safety Program, DMV attempts to make California's highways and roads safer for the state's population. DMV promotes driver safety by screening driver license applicants for driving competency. Through its driver control programs, the Department regulates drivers who become safety risks by imposing appropriate driving privilege sanctions, e.g., license restriction, revocation or suspension.

Another DMV program designed to protect the public is the Department's "pull-notice" program. Under the program, DMV periodically provides employers of all commercial vehicle drivers (primarily drivers of buses, trucks, and tractor-trailers) with their employees' driving records. DMV also has implemented sweeping changes in the methods used to test and license commercial vehicle drivers. DMV has been a leader in the development of more stringent testing and licensing procedures and the development of automated systems to establish unique personal identification.

California also is in the forefront among states in combatting driving under the influence (DUI) of alcohol and



drugs. Under recent legislation that took effect on January 1, 1990, California's blood-alcohol concentration limit for drivers was reduced from 0.10 to 0.08. In addition, effective January 1, 1992, the blood-alcohol concentration limit for commercial vehicle drivers will be further reduced to 0.04. Separate legislation, which became effective July 1, 1990, established an "administrative per se" process under which a peace officer is authorized to immediately serve a notice of driver's license suspension or revocation on a person arrested for driving-under-the-influence of alcohol or drugs, to take possession of that person's driver's license for forwarding to DMV and to issue a temporary operating permit. The suspension or revocation does not become effective for 45 days, during which time the driver may request an administrative hearing. Subsequent legislation authorizes DMV to suspend that person's driving privilege for 4 months for a first DUI offense and for one year for a subsequent violation within seven years.

Another area of public protection involves the development of a driver's license which uses magnetic stripe technology similar to that used for credit cards. The use of this technology, to be initiated in the current year, will not only improve processing efficiency and reduce public waiting time, but also guard against counterfeiting and the unsafe and fraudulent use of drivers' licenses and identification cards issued by DMV.

During 1991-92, the Governor's Budget proposes augmentation of \$2.7 million to allow DMV to continue issuing magnetic stripe identification cards and drivers' licenses.

**Workload.** To enable the Department to maintain its level of service in meeting increasing public demands brought on by expected increases in workload measures, i.e., licensed drivers and registered vehicles, the Governor's Budget proposes an increase of \$22 million and 415 personnel years in 1991-92. This augmentation will allow DMV to relocate 11 field offices, add one new office, and address expected workload growth in 1991-92.

**Motor Vehicle Account.** Motor Vehicle Account revenue has not kept pace with the increasing expenditure demands made on the Account by the growing number of motorists. To provide a long-term solution to this problem, the Administration is proposing to increase the vehicle registration fee by \$5 and the driver's license fee by \$2 effective January 1, 1992. It is estimated that these increases will provide an adequate reserve in the Account and enable the state to address the workload needs of DMV, the California Highway Patrol and other departments that receive appropriations from this source for the foreseeable future.

## Housing

Although the state's housing needs are addressed primarily by the private sector, the Governor's Budget provides a substantial amount of funding to address the

housing needs of low- and moderate-income families. The departments with the responsibility for this activity are the Department of Housing and Community Development and the California Housing Finance Agency.

## Department of Housing and Community Development

The Department of Housing and Community Development (HCD) offers a variety of programs and services designed to help provide safe and affordable housing for all Californians and to promote economic development of small communities. The Governor's Budget proposes more than \$334 million and 719 personnel years for the Department's programs and services in 1991-92. The following are highlights of HCD's accomplishments and activities.

**Health and Safety.** HCD's Codes and Standards Division is responsible for the protection of the public's health, safety and general welfare through its regulation of housing, including mobilehomes, mobilehome parks and employee housing, commercial coaches, and recreational vehicles. In addition, the Division administers and enforces occupational licensing requirements for manufacturers, salespersons, dealers, and distributors of mobilehomes, manufactured homes, and commercial coaches. HCD also operates the Mobilehome Ombudsman Program, which is designed to resolve complaints and disputes from mobilehome park residents and park owners and operators. This program received and processed more than 23,000 telephone complaints and more than 1,800 written complaints during 1989-90. During the same year, the Division also increased the amount of restitution awarded to mobilehome purchasers harmed by unlawful dealer practices by more than 100 percent.

**Housing.** Through fifteen housing finance programs, the Department provides technical and financial assistance, in the form of grants and loans, to project sponsors that construct and rehabilitate housing; mortgage subsidies enabling low-income families to obtain housing; loans enabling residents to acquire ownership of mobilehome parks; financing of the construction of rental housing; loans to victims of natural disasters to repair owner-occupied and rental housing; and loans to special needs populations, including the homeless, the disabled, the elderly and low-income households.

Annually, California is home to a large number of seasonal and migrant workers and their families. Housing for the workers is limited and frequently uninhabitable. In order to enhance opportunities for safe and affordable housing, the Department, in conjunction with the U.S. Department of Agriculture, has spent more than \$28 million since 1980 for the construction and rehabilitation of housing units for farmworkers. In addition, more than \$34 million has been provided to operate and rehabilitate state-owned agricultural housing centers. Currently, there are five additional projects in the planning or

construction stage. Projects under construction include the Ripley Center in Riverside County, which will create 100 new units for farmworkers and their families, and the Patterson and Westley Centers, both located in Stanislaus County, which will replace 92 dilapidated farmworker housing units. Most of the centers now being constructed contain a childcare center and an office-shop complex.

In 1991–92, the Governor's Budget proposes an augmentation of \$1 million for the increased operating costs and rehabilitation of the migrant centers. In total, the Governor's Budget proposes spending \$6.2 million on this program during 1991–92.

Housing for the homeless is a nationwide problem. California's Emergency Shelter Program provides direct grants to local governments and nonprofit corporations that shelter needy persons and families on an emergency basis. Since the first year of the program in 1983, the Department has made 590 awards, totaling more than \$42 million. The Department anticipates awarding an additional \$15 million to more than 110 local agencies in 1990–91.

The Governor's Budget proposes an augmentation of \$2 million for the Emergency Shelter Program in 1991–92 to assist local agencies in paying for emergency operating shelter expenses. The 1991–92 Budget also proposes to maintain the current \$630,000 level of expenditures to operate the Temporary Emergency Shelter Program, which provides overnight shelter for homeless persons in California's National Guard Armories throughout the state.

**National Affordable Housing Act of 1990.** In October 1990, Congress passed the first major housing bill in two decades. This innovative bill focuses on providing new flexibility to state and local governments for using federal housing funds to address local housing needs. Although it is not yet known how much funding California will receive from this act, the Administration is committed to leveraging the new funds to maximize the benefits to the state's residents.

**Community Development.** In addition to the state Emergency Shelter Program, HCD administers nine community development programs that provide technical and financial assistance to rural and urban commu-

nities and Indian tribes. For 1991–92, the Governor's Budget proposes almost \$61 million for these programs. Since the inception of the Community Development Program in 1982–83, the Department has allocated nearly \$200 million through 573 community development block grant awards to about 150 local communities for housing rehabilitation, public facilities projects and economic development activities.

## California Housing Finance Agency

The California Housing Finance Agency (CHFA) helps to make housing for low- and moderate-income families more affordable by selling tax-exempt bonds and using the proceeds to finance housing at below-market rates. CHFA's bonds are not obligations of the State of California and are not repaid with tax dollars; instead, all debt issued by the Agency is repaid from revenue derived from the repayment of mortgage loans issued by CHFA. Most programs operated by CHFA are limited by provisions of federal law applicable to the federal Mortgage Revenue Bond Program.

Between fiscal years 1979–80 and 1989–90, CHFA made loans of approximately \$2.5 billion and was responsible for 43,862 housing units being made available to low- and moderate-income households. CHFA projects that it will make additional loans totaling \$520 million, resulting in 6,780 additional housing units being available during 1990–91. Similar totals are expected for 1991–92.

Of particular interest is CHFA's Home Purchase Assistance Program, which was made possible by voter approval of state Propositions 84 and 107 in the November 1988 and June 1990 elections. For each of the propositions, the voters authorized the Treasurer to issue \$25 million of state general obligation bonds for CHFA's use in helping low-income persons buy their first homes. Under this program, CHFA lends the home buyers funds to enable them to reduce their principal and interest payments on their mortgages. The interest rate on these loans is a simple three percent per year and payment of both interest and principal can be deferred for up to 30 years. To date, CHFA has assisted 876 first-time home buyers with \$19.9 million of Home Purchase Assistance Program loans.



# Natural Resources

California enjoys a rich diversity of natural resources and scenic beauty which enhance the quality of life in the state. It is critical that these resources be maintained and protected for future generations. The Resources Agency is responsible for carrying out the commitment to maintain and enhance these resources. The Governor's Budget proposes total expenditures of \$2 billion for the Agency's state operations and local assistance programs as summarized in Figure 12-A.

Major programs within the Resources area are highlighted below.

## Department of Parks and Recreation

The Department of Parks and Recreation is responsible for acquiring, preserving, developing and managing the natural, cultural and recreational resources in the State Park System and the State Vehicular Recreational Area and Trail System.

The State Park System consists of 270 individual units, including 38 units administered by local and regional park agencies. These park units contain approximately 1.4 million acres, 290 miles of ocean and 806 miles of lake, reservoir and river frontage. Over 79 million visitor-days are expected in 1991-92.

The State Vehicular Recreation Area and Trail System includes 53,000 acres in seven units. Over 1.4 million visitor days are expected at these seven units in 1991-92.

The 1991-92 Governor's Budget proposes an expenditure level of \$232 million which includes \$175.3 million and 2,981 personnel years for support of state operations, \$30.2 million for local assistance grants and \$26.5 million in capital outlay projects.

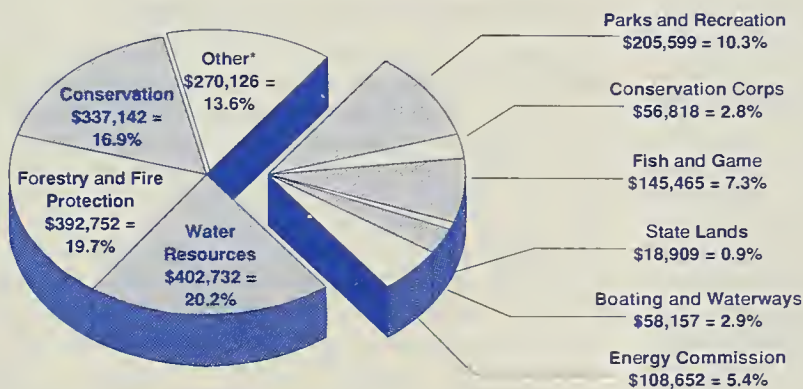
## Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection (CDF) fulfills the state's responsibility to provide fire protection and suppression for approximately 36 million acres of privately-owned wildlands and administers local government fire protection under contract. The Department also regulates logging practices on private forestland, provides advisory assistance to landowners on forest management, regulates controlled burning of brushlands, and manages seven state demonstration forests and three state nurseries.

Figure 12-A

### Natural Resources Proposed 1991-92 Expenditures All Funds

(Dollars in Thousands)



\*Other includes: Agency Secretary, Coastal Commission, Coastal Conservancy, Colorado River Board, Santa Monica Mountains Conservancy, S.F. Bay Conservation and Development Commission, Seismic Safety Commission, Special Resources, Tahoe Conservancy, Wildlife Conservation Board, Mandated Costs and General Obligation Bonds.

The Governor's Budget for 1991-92 proposes \$392.8 million and 4,573 personnel years for state operations and local assistance programs.

**Wildland Fire Protection Balancing.** Federal and private lands are intermixed and, as a result, the state has participated in contract programs with the federal government to exchange fire protection on selected acreage. This exchange has been unequal with the U.S. Forest Service protecting three million more acres of State Responsibility Area (SRA) than CDF protects federal responsibility areas, while CDF protects 2 million more acres of Bureau of Land Management (BLM) lands than BLM provides on SRA. Because of the imbalance that existed on a national basis, the federal government has indicated it will no longer contract for these direct fire protection services. CDF was able to negotiate an agreement resulting in increased State Responsibility Area of one million acres. This agreement will be effective January 1, 1992. Therefore, in 1991-92, CDF will redirect \$822,000 and increase personnel years by 10 to provide direct fire service on the one million additional acres.

**Air Fleet Replacement.** Fixed wing aircraft and helicopters play a critical role in CDF's wildland fire fighting strategy of quick initial attack with rapid reinforcement. Much of the CDF fleet is over 25 years old and is no longer economical to operate. The Budget contains \$2.5 million from the Special Account for Capital Outlay for continuation of the effort to replace aircraft. In addition, \$1.5 million is included for retrofitting helicopters.

**Forest Protection.** As California enters its fifth year of drought, forest fuel conditions are at record low moisture levels. The extreme climate, drought and fuel conditions represent a serious fire danger over the next several years. Significant numbers of trees are either dead or dying due to insect infestation and disease brought about by drought stress. This represents not only a tremendous loss of wood fiber that could be used for forest products, but it also accumulates as forest fuel thereby increasing the fire hazard. CDF's budget contains an increase of \$464,000 and 6 personnel years to handle increased workload in forest pest control and to provide statewide leadership in pest management and forest health issues.

**Emergency Fire Suppression Costs.** Due to continuing drought conditions and the resultant forest bug infestations, California will continue to experience severe fire conditions. The Budget reflects an estimated deficiency of \$83.7 million for 1990-91 Emergency Fund expenditures. Recently, funds for emergency fire suppression have been appropriated on a deficiency basis. In recognition of the increased potential of a severe fire season, the budget proposes that \$30 million be appropriated directly to CDF on a prospective rather than deficiency basis for emergency fire suppression costs.

For 1991-92, the following significant budget changes are also proposed:

- \$11.7 million and 201 personnel years for contracted fire protection and emergency services for local governments.
- \$5.6 million and 4 personnel years for continuation of replacement and modernization of critical telecommunications equipment.
- \$1.8 million for various increased operating and maintenance costs, including the fixed wing aircraft contract, vehicle insurance, remediation of hazardous materials contamination and water quality testing.
- \$1.4 million and 4 personnel years to provide long-range strategic planning and assessment of the effects of forest and range management activities on wildlife and habitat conditions, including the impact of the Northern Spotted Owl on timber harvesting.
- \$882,000 and 13 personnel years for control and abatement of the outbreak of Dutch Elm Disease in Alameda and Sacramento County areas.
- \$499,000 and 8 personnel years to handle increased workload in the Forest Practice Program and to provide funding to monitor the effects of timber harvesting on water quality.
- \$2.6 million for working drawings and construction of the Fresno Air Attack Base. This project, which is a joint facility with the U.S. Forest Service located at Fresno Airport, will provide the logistical capacity necessary for mounting fire suppression activities in this region of the state.
- \$5.1 million for other major capital outlay projects including planning and construction of five projects, acquisition planning funds and the acquisition of two facilities subject to lease termination.
- \$1.5 million in minor capital outlay to resolve drinking water deficiencies, emergency command center deficiencies, and health, life and safety problems such as auto exhaust and asbestos abatement in buildings.

## Department of Water Resources

The role of the Department of Water Resources (DWR) is to protect, conserve, develop and manage California's water. The Department is responsible for supplying water for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. The primary means of accomplishing this is through the California State Water Project. The Department also encourages flood plain management; assures public safety by managing, maintaining, and operating flood control facilities under its jurisdiction; and provides flood warning information as flood threats develop. Protecting public safety by supervising the construction, maintenance and operation of more than 1,000 dams under state jurisdiction is also a function of the Department.

The Governor's Budget for 1991-92 proposes \$402.7 million and 2,756 personnel years for state operations and local assistance programs.



**Environmental Water Act of 1989.** Legislation enacting the Environmental Water Act authorized the Department to expend monies from the Environmental Water Fund for water resources projects and programs that will contribute significant environmental benefits.

The act created the Environmental Water Program which authorizes the City of Los Angeles to submit grant applications to the Department for projects to protect and preserve the Mono Lake Basin, and requires the Department, as a first priority, to expend available funds to preserve the wildlife and environment of the Mono Lake Basin. The fund is also available for other water-related projects throughout the state that benefit wetlands, fisheries and riparian habitat. The Act authorizes the Department to expend \$7 million per year in the 1991–92 through 1994–95 fiscal years and \$8 million per year in the 1995–96 through 1998–99 fiscal years for this program, subject to annual Budget Act appropriations. Sixty percent of funds through June 30, 1994, shall be reserved exclusively for applications by the City of Los Angeles, jointly with the Mono Lake Committee, for the benefit and enhancement of the Mono Lake Basin with respect to nesting and migratory bird populations; air quality; fish and other wildlife; as well as replacement water for power to the City. After July 1, 1994, funds appropriated for this program may be used for either the Mono Lake Basin or for restoration and enhancement of wetlands on the Pacific Flyway, and of riparian habitat on the Sacramento, San Joaquin Rivers, and the Sacramento-San Joaquin River Delta.

For 1991–92, the following significant budget adjustments are proposed:

- \$42.5 million from the Special Account for Capital Outlay (SAFCO) in state matching funds for local assistance flood control subventions.
- \$7 million and 2 personnel years for the Environmental Water Quality Program as authorized by Chapter 715, Statutes of 1989.
- \$605,000 for the Department's share of costs for the Trinity River Restoration Program.
- \$1.3 million for local assistance and the Department's administrative costs for urban streams grants.
- \$1 million to continue implementation of the Upper Sacramento River Fisheries and Riparian Habitat Management Plan.
- \$10.7 million to complete the Sacramento Urban Area Levee Reconstruction Project (\$8.9 million) and continue levee protection for flood control on the Sacramento River (\$1.8 million).

## **Energy Resources Conservation and Development Commission**

The Energy Resources Conservation and Development Commission (CEC) is composed of a five-member, full time body representing the fields of engineering or

physical science, law, environmental protection, economics and the public at large. The CEC's responsibilities are to forecast future statewide electricity needs, license an appropriate number of power plants to meet those needs, promote energy conservation, develop renewable energy resources and alternative energy generating technologies, and plan for and direct state response to energy emergencies.

The Governor's Budget for 1991–92 proposes \$108.7 million and 461 personnel years for support and local assistance programs. This includes \$9.542 million from the Petroleum Violation Escrow Account for the following programs:

- \$3.1 million to augment the Small School District Energy Assistance Program which provides specialized assistance to small school districts to identify, implement and monitor energy efficiency projects in their schools.
- \$1 million to augment the Farm Energy Assistance Program, which assists farmers to identify and implement energy conserving farming practices.
- \$3.066 million to establish a Special District Technical Assistance Program which will provide technical assistance to special districts to identify and implement energy saving opportunities.
- \$2.376 million to fund demonstration projects for compressed natural gas, electric and fuel flexible vehicles, and to support a methanol refueling network.

**Institute on the Environment.** The Administration has initiated discussions with the University of California about the development of an Institute on the Environment to serve as the focal point for research on critical environmental issues facing California. In recognition of the significant effect the use of energy resources has on the environment, \$2.5 million has been reserved in Petroleum Violation Escrow Account funds for additional energy conservation research. A specific proposal will be forthcoming in the Spring.

## **California Coastal Commission**

California's vast and diverse coastline is considered by many to be one of the state's most valuable natural resources. In an effort to protect this important resource and ensure orderly development within the coastal zone, the California Coastal Act was enacted in 1976. This Act also established the California Coastal Commission and designated it as the lead state agency with respect to coastal issues.

The 1991–92 Governor's Budget proposes a total funding level of \$9.9 million and 116 personnel years for the Commission. The Commission's General Fund budget will increase by 12 percent and includes a General Fund augmentation of \$656,000 as an initial step in providing the Commission with adequate resources. This augmentation will allow the Commission to open an office in the North Coast area of the state, address some of the



backlog in enforcement and permit workload, and continue the Commission's efforts in promoting conservation education and public awareness of such activities as the Adopt-A-Beach program.

## California Tahoe Conservancy

The California Tahoe Conservancy is responsible for the acquisition, preservation and management of lands in the Lake Tahoe Region for purposes of protecting the natural environment, providing public access and recreational facilities, and preserving wildlife habitat areas.

The Governor's Budget for 1991-92 proposes \$5.8 million and 26 personnel years for support and local assistance programs. In addition to the funds reflected in Figure 12-A, \$5 million is proposed from the Conservancy's bond fund for continued purchases of environmentally sensitive lands in the Lake Tahoe Basin. The Conservancy estimates that there are 15,000 undeveloped parcels on the California side of the Tahoe Basin. Of this total, 6,000 to 7,000 are currently classified as environmentally sensitive. To date, the Conservancy has completed or authorized the acquisition of 3,900 parcels. The Conservancy estimates that it may complete or authorize acquisition of 4,400 sensitive parcels by the end of 1991-92.

The 1991-92 Governor's Budget also proposes \$500,000 from the Habitat Conservation Fund for restoration of fish, waterfowl and wildlife habitat; and \$1.5 million from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund for the enhancement of recreational access to Lake Tahoe.

**Soil Erosion Control.** Although the current principal focus of the Conservancy is the acquisition of environmentally sensitive land, soil erosion has also been identified as a major environmental concern in the Tahoe Basin. Soil erosion control is required to mitigate the effects of past development activities by reducing the discharge of sediment into the waters of Lake Tahoe and surrounding areas. The Conservancy's budget for 1991-92 also includes \$3.5 million from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund for additional erosion control grants in the Lake Tahoe Region. This amount will be awarded to various public agencies. In addition, the Conservancy's 1991-92 budget includes \$2 million from the Outer Continental Shelf Land Act, Section 8(g) Revenue Fund, for the implementation of projects to restore large degraded areas, including stream environment zones, to natural conditions.

## Department of Fish and Game

The Department of Fish and Game is mandated with the responsibility of managing California's rich diversity of fish and wildlife and wildlife habitats for the continued use and enjoyment of these natural resources for future generations. In fulfilling this responsibility, the Depart-

ment manages 80 wildlife areas, 67 ecological reserves, 24 inland and anadromous fish hatcheries.

In addition, the Department of Fish and Game has acquired over 521,000 acres of land for the management of fish and wildlife and/or to provide public access to fish and wildlife resources for recreational purposes.

Wildlife habitat is maintained for a multitude of purposes, including wildlife breeding and nesting, protection of rare and endangered species and unusual ecological communities. The Department has made a concentrated effort to restore fish and wildlife habitats to encourage and enhance commercially and recreationally important species. These restoration projects contribute to the economic health of California by increasing angling, hunting and other outdoor recreational use.

In 1990-91, the Department spent approximately \$2 million on projects designed to enhance wetland and riparian habitat, \$1.6 million on deer range habitat, and \$7.8 million on projects designed to restore warm water and wild trout fish habitat and to enhance the salmon and steelhead fisheries.

The budget development process focused on ensuring the stability of the Department's base budget. Efforts were made to properly align program activities with appropriate fund sources. In so doing, funding realignments have been made resulting from the use of environmental fees, commercial fishing fees and miscellaneous revenues to fund base programs that were formerly supported by the Fish and Game Preservation Fund, California Environmental License Plate Fund (ELPF) and the General Fund. As a result of the funding realignments, a savings of \$2,966,000 in ELPF expenditures has occurred, and an additional \$1,978,000 in ELPF monies have been redirected to fund Wildlife Protection non-game activities. With these adjustments, the Governor's Budget for 1991-92 proposes \$145.5 million and 1,844 personnel years for support of the Department's programs, reflecting a \$3.1 million or 2.2 percent increase over the 1990-91 budget. Major expenditure proposals include:

- \$8.1 million and 136 personnel years have been restored in base programs that were eliminated in the 1990-91 budget due to revenue shortfalls. This restoration is a result of the passage of AB 3158 (Chapter 1706/90) and AB 2126 (Chapter 1703/90). AB 3158 authorizes the collection of filing fees for documents the Department reviews as part of the California Environmental Quality Act. AB 2126 significantly changes the commercial fish business licensing structure. Several licenses will be discontinued, the cost of other licenses will increase, and a new license, the Primary Fish Receiver, has been established.
- \$3.2 million has been proposed as continued funding for the Marine Resources program from the collection of the commercial fishing fees. Legislation will be proposed to continue the collection of the commercial fishing fees that are scheduled to sunset on December



31, 1991 for one year. This will give the Department the opportunity to work with the industry on a fee schedule without severely disrupting the Department's funding level.

- Legislation will be proposed to forgive repayment of a \$3.5 million loan made from the ELPF to cover revenue shortfalls in the 1989–90 budget.
- \$3 million from the California Wildlife, Coastal, and Park Land Conservation Fund (Proposition 70) to continue the fish habitat restoration and enhancement projects and fish rearing activities authorized in the Proposition.
- \$2 million to contract with the U.S. Bureau of Reclamation to implement various fisheries restoration projects on the Trinity River.
- \$585,000 and 16 personnel years to enter into a long-term contract with the Department of Water Resources to conduct research on the causes of the decline in the Delta Smelt population.
- \$523,000 and 1 personnel year to pay counties in-lieu property tax assessments on properties acquired as Wildlife areas.
- \$523,000 to implement the Waterfowl Habitat Preservation Program which is designed to implement California's commitment to the North American Waterfowl Management Plan to restore, protect and enhance waterfowl habitat.
- \$384,000 to prepare and implement a plan to remediate the impact of toxic discharges on water quality at the Spenceville Wildlife Area.
- \$253,000 and 3 personnel years for additional support to the Wildlife Management Division to develop high quality environmental review documents to support hunting regulation proposals adopted by the Fish and Game Commission.

## Oil Spill Response

Chapter 1248, Statutes of 1990 (SB 2040), enacted a comprehensive oil spill prevention and response act to address potential spills in state coastal and marine waters. Chapter 1248 provides a framework for state

regulatory programs to ensure that transporters and handlers of petroleum and petroleum products in marine waters are financially and operationally prepared to prevent and respond to oil spills. The Administrator to the Office of Oil Spill Prevention and Response in the Department of Fish and Game has primary responsibility for implementing the Act. To provide the new Administrator with the maximum flexibility, only key and essential administrative positions have been established. For 1991–92, the Budget proposes \$4.5 million for support of the office. So that the Administrator has an opportunity to develop a specific funding proposal, a Spring Finance Letter will be sent detailing the allocation of resources.

## State Lands Commission

The State Lands Commission is responsible for the management and supervision of all statutory lands which the state received from the federal government. These lands include all navigable rivers, lakes and streams, tidelands, swamp and overflow lands and school lands. Rents and royalties are collected from surface uses, extraction of oil, gas, minerals, and geothermal steam resources and timber sales. These revenues are estimated to total \$175.4 million for the 1991–92 fiscal year.

The 1991–92 Governor's Budget proposes a total expenditure of \$18.9 million and 260 personnel years. Budget adjustments for 1991–92 include:

- \$1.6 million and 30 personnel years to continue the implementation of the Oil Spill Prevention and Response Act as required by statute. \$1.6 million was appropriated in 1990–91 to start the new Marine Facilities Management Program.
- \$736,000 and 13 personnel years for increased workload in the Land Management Program.
- \$463,000 for the second phase of acquisition of the Petroleum Engineering and Analysis Computer System which will enhance revenue recovery from existing extractive leases.
- \$150,000 to complete the dust abatement project at Owens Lake.





# General Government

The Office of the Secretary of the State and Consumer Services Agency provides policy direction and assistance to the departments in the Agency to deliver essential services to other state organizations, professions and individuals in an efficient and effective manner. The Agency includes a diverse collection of departments established to ensure such services as employee parity, retirement benefits, consumer protection, veterans' benefits and the state's general house-keeping functions as well as operation of two education museums.

The 1991-92 Governor's Budget proposes \$1,179.5 million and 14,385 personnel years for support operations and local assistance for programs within the Agency (see Figure 13-A).

## Department of Consumer Affairs

The Department of Consumer Affairs was established to protect consumer interests through licensing and regulation of specific professions, occupations and businesses ranging from the healing arts to contractors as well as general consumer representation, by the Division of Consumer Services, for mediation and education in those areas not within the jurisdiction of any of the 38 boards/bureaus/committees or commissions. The Department is also directed by statute to facilitate the proper functioning of a free enterprise market economy through educating and informing consumers, fostering competition, guarding against fraudulent practices and promoting consumer representation throughout all levels of government.

Each of the regulatory agencies in the Department has its own regulatory act which grants to the particular board the authority to issue licenses, collect fees from and regulate the activities of licensees under its jurisdiction. In addition, administrative support services are provided in a cost effective manner through the centralized services of the Divisions of Administration, Technology, Investigation, and Consumer Services.

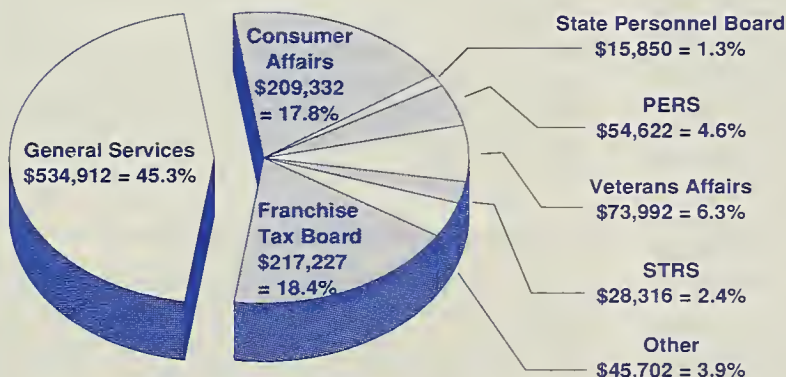
The 1991-92 Governor's Budget proposes total expenditures of \$209,332,000 and 2,302 personnel years to support the operations of all the boards and the divisions of administration. Significant program changes for 1991-92 include:

- Board of Accountancy—An increase of 20 personnel years and \$1,271,000 is proposed to address increasing workload and corresponding support services attributable to the increase in staff. Included in these figures are \$668,000 and 8 personnel years to establish a permanent enforcement staff of Certified Public Accountants (CPA's) as

Figure 13-A

### State and Consumer Services Proposed 1991-92 Expenditures\* All Funds

(Dollars in Thousands)



\*Includes state support and local assistance expenditures only and excludes Cal-Vet Loans and retirement system benefit payments. The state's contribution to the State Teachers' Retirement System is discussed in the Education Section of this Summary.

opposed to using volunteer CPA's to perform the enforcement staff work.

- Bureau of Automotive Repair—An increase of 21 personnel years and \$2,473,000 is proposed to expand the Smog Check Program to new program areas as requested by local Air Quality Management Districts.
- Bureau of Collection and Investigative Services—An increase of 7 personnel years and \$406,000 in the Collection Agencies program and 14 personnel years and \$760,000 in the Private Investigators program are proposed to meet increased workload and statutory audit cycles and to address staffing deficiencies identified in a management study.
- Contractor's State Licensing Board—An increase of \$1,497,000 and 21 personnel years is proposed to meet projected workload. Included in those figures are \$651,000 and nine personnel years to implement legislation which requires all contractors to maintain workers' compensation insurance.
- Medical Board of California—An increase of 12 personnel years and \$2,674,000 to complete the staffing of a Central Complaint Investigation and Control Unit and to implement legislation, which establishes a more responsive disciplinary system for the healing arts. This program includes establishment of a Health Quality Enforcement Section staffed by five attorneys in the Department of Justice (funded by the Board and its allied committees) and provides for the issuance of interim license suspension orders by designated administrative law judges within the Office of Administrative Hearings.

## Office of the State Fire Marshal

The Office of the State Fire Marshal (SFM) was created to establish and maintain an environment of fire safety and prevention throughout the state. The mission of the SFM is accomplished in three ways: by regulating the buildings in which people live, congregate or are confined; by controlling substances which may cause injury, death or destruction by fire; and by educating and training people in fire protection and suppression. The SFM meets its mission through the Field Operations Division, Pipeline Division, Arson-Bomb unit, Technical Services unit and the administrative support units.

The 1991-92 Governor's Budget proposes 216 personnel years and \$16,043,000 for support of the SFM. Significant program changes for 1991-92 include:

- An increase of 18 personnel years and \$1,586,000 in reimbursements to perform both construction inspection and plan review services for new facilities of the University of California and California State University systems.
- An increase of 2 personnel years and \$159,000 from the Hazardous Liquid Pipeline Fund to implement legislation which requires the SFM to provide emer-

gency response to all fires, explosions and ruptures involving a liquid pipeline or refining facility.

## Franchise Tax Board

The Franchise Tax Board administers the state Personal Income Tax, Bank and Corporation Tax and other mandated programs initiated by law or by the Administration. Each year the personal and bank and corporation tax programs produce revenues in excess of \$24.9 billion, which is nearly 56 percent of total General Fund revenues. Of this amount, over \$2 billion is produced by the Board's Audit, Collections, and Filing Enforcement programs. Approximately 14.8 million personal income tax returns and over 576,000 bank and corporation tax returns are filed each year.

The 1991-92 Governor's Budget proposes expenditures of \$217 million and 4,205 personnel years for the Board. Budget adjustments for 1991-92 include:

- \$8.4 million and 146 personnel years for workload increases associated with processing increased numbers of tax returns and related documents and providing services to taxpayers.
- \$578,000 and 13 personnel years to augment audit and collection programs which ensure equity for taxpayers, encourage accurate self-assessment and ensure compliance with reporting requirements. These resources will generate an additional \$2.2 million in revenues in 1991-92.
- \$1.2 million and 6 personnel years to permanently establish the In-State Collection Referral Program, which generates revenue of approximately \$6 million annually to the General Fund.
- \$317,000 and 9 personnel years to continue the withhold-at-source program for out-of-state taxpayer's real estate sales which will generate approximately \$58 million in accelerated and additional revenues in 1991-92.

**Capital Outlay.** The 1991-92 Governor's Budget provides funding to upgrade the main chiller and HVAC system in the Franchise Tax Board's central heating and cooling plant, and to install a new freight elevator at the Department's Sacramento headquarters.

## Department of General Services

The Department of General Services is the business arm of state government and was established to increase efficiency and effectiveness by providing quality business and support services to the state and other public agencies. The Department provides these services through over twenty separate offices in two major program areas. Property Management Services include building design, acquisition and maintenance as well as adoption and enforcement of building design and con-



struction standards. Property Management Services include such organizations as the Office of the State Architect, the Office of Project Development and Management, the Office of Real Estate and Design Services, the Office of Buildings and Grounds and the Office of Local Assistance. Statewide Support Services include the many business functions of the state such as the Office of Procurement, the Office of Fleet Administration, The Office of Telecommunications, the Office of State Printing, the Office of Small and Minority Business and the Office of the State Police. Funding for the Department is primarily derived from charges to client agencies for services rendered.

The 1991–92 Governor’s Budget proposes \$534.9 million and 4,580 personnel years to support the departments programs. The following reflects the major adjustments for 1991–92:

- The Office of the State Architect is responsible for the clean up of certain toxic substances on state owned properties. In 1991–92, \$10 million and 15 personnel years are proposed to continue the current level of effort in asbestos abatement, PCB transformer replacements and underground storage tank cleanup and monitoring.
- The Office of the State Architect is also responsible for regulation and evaluation of Seismic Safety in public buildings. In 1991–92, \$0.8 million and 10 personnel years are proposed for the second year of a survey of seismic safety of public schools and state owned buildings as well as the implementation of a program to award state grants to local agencies to retrofit essential services buildings, such as fire stations, police stations and hospitals, to enable them to continue to function following a major earthquake.
- The Department of General Services is the lead agency on the implementation of legislation which established participation goals for minority and women owned business enterprises in state contracts. The 1991–92 Governor’s Budget proposes \$0.6 million and 7 personnel years to implement the program regulations adopted in 1990.
- The Department of General Services is responsible for providing services and purchasing on behalf of state agencies. In 1991–92, the more significant augmentations include \$1.8 million to purchase additional computer parts for repairs, \$1.5 million and 16 personnel years for additional telecommunication engineering services, \$0.7 million and 10 personnel years for radio maintenance and installation, \$6.4 million to fund the increased demand for services as well as the increased costs of printing materials and contracted services and \$5.9 million to purchase additional vehicles for new parole agents, increase replacements of aging vehicles and add additional vehicles for long-term assignment.

For capital outlay in 1991–92, the Governor’s Budget includes:

- \$9.3 million for the upgrade of the Sacramento Central Plant which provides heating and cooling to the State Capitol and other major state buildings in downtown Sacramento (\$6 million); for the acquisition and planning of a new 500 space State parking garage in Sacramento (\$3.1 million), and for minor fire/life safety work at the State Office facilities in San Bernardino (\$200,000).

In addition, current year efforts are under way to repair the damage caused by the Loma Prieta Earthquake to state office buildings in the San Francisco-Oakland Bay area. These efforts include a facilities needs study to determine the most feasible means of meeting space needs resulting from the loss of the building at 1111 Jackson Street, Oakland. The study is planned to be completed in sufficient time to consider Bay Area capital outlay needs for the 1991–92 fiscal year.

## State Personnel Board

The five-member State Personnel Board is appointed by the Governor for 10-year terms. This constitutional body has the responsibility for oversight of the state’s merit civil service system. The functions of the Board are divided among four principle areas: ensuring the integrity of the state’s merit selection system; providing due process for state employees who have been disciplined; fostering a work environment free from discrimination and harassment; and ensuring that the state’s workforce is representative of California’s diverse population.

The Board provides these services through the Appeals Division, Affirmative Action and Merit Oversight Division, Policy Division, and Administrative Services Division. The Board and its staff are also responsible for establishing and administering, on a reimbursement basis, merit systems for city and county welfare and civil defense employees, to ensure compliance with federal requirements. In addition, the Board administers the Career Opportunities Development Program for disabled clients of the Department of Rehabilitation.

The 1991–92 Governor’s Budget proposes \$15,850,000 and 223 personnel years to support the Board’s activities. The following increases in reimbursements for services provided to state departments are proposed for 1991–92:

- An increase of 3 personnel years and \$159,000 on a permanent basis for examination criterion validation and test construction services.
- An increase of 3 personnel years and \$164,000 for hearing reporter services by contract and support positions for on-line certification processing, key data operator services and technical training.
- An increase of \$52,000 in reimbursement authority to augment court interpreter services to ensure a pool of qualified non-English language interpreters for use in California courts and administrative hearings.

## Public Employees' Retirement System

The Public Employees' Retirement System (PERS) began operations in 1932 with 13,200 state employees, and has grown to serve slightly more than one million past and present public employees from both state and local government in California. PERS is responsible for administering all aspects of the retirement program for these members, including disability and death benefits and Social Security for state members. PERS also administers a comprehensive health benefits program for active and retired members through contracts with health maintenance organizations, group hospitals and medical insurance plans. Total benefit payments are projected to be approximately \$3.1 billion in 1991-92. Administrative responsibility is vested in a thirteen-member board: six members are elected by the PERS membership; four members serve *ex officio* (State Controller, State Treasurer, Director of Personnel Administration and one member of the State Personnel Board); and three members are appointed, two by the Governor and one by the Legislature.

The Governor's Budget for 1991-92 proposes \$54.6 million and 762 personnel years for state operations, a decrease of 2.8 percent in funding and an increase of 0.6 percent in personnel years.

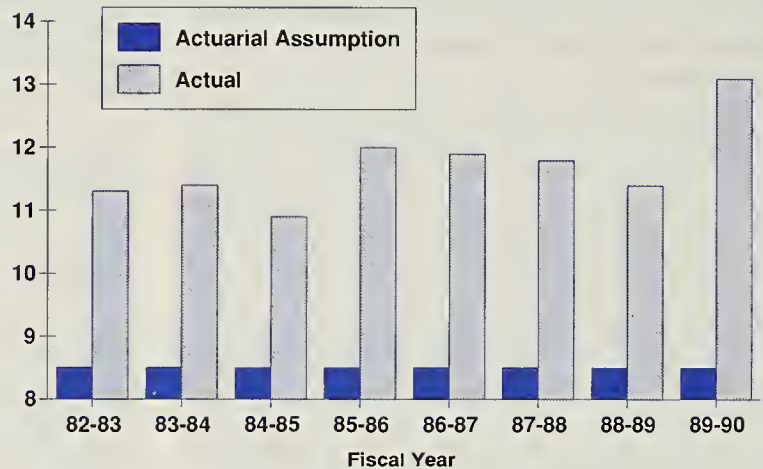
The 1991-92 Budget includes the fiscal effects of the Administration's proposals to increase the actuarially assumed yield on investments (YOI) from 8.5 to 9.5 percent, and to permanently change the amortization period for actuarial gains to five years, consistent with federal standards applicable to private pension plans. Implementation by the PERS Board of Administration of these two proposals would reduce state retirement contribution costs by approximately \$156 million General Fund per year. These proposals would not, however, adversely affect annuitant benefits or diminish the fiscal soundness of the Public Employees' Retirement Fund.

The proposed change in assumed YOI would more closely align PERS' actuarial estimates with actual investment performance. Figure 13-B illustrates that the YOI assumed for planning purposes has been significantly below actual performance. The effect of this overly conservative assumption has been to require unnecessarily high employer contributions. Changing

Figure 13-B

### Public Employees' Retirement System Comparison of Actual vs. Assumed Interest Earnings (YOI) \*

(Percent)



\* Earnings rates include capital gains

Source: Public Employees' Retirement System

the YOI as proposed would reduce the state's retirement contribution by approximately \$86 million General Fund per year.

The proposal to permanently change the period for amortizing actuarial gains is an extension of the action taken by the PERS Board of Administration to amortize 1988-89 actuarial gains over five years beginning in 1990-91. Currently, annual gains on investments are amortized over a forty-year period. Private sector pension plans, however, typically amortize gains over a five-year period, consistent with federal guidelines. Adoption of a five-year standard would reduce state retirement contributions by approximately \$70 million General Fund per year. At the same time, PERS would be applying a reasonable, nationally accepted standard for amortizing investment earnings.

Consistent with these proposals, the Administration will continue to search for means of improving the efficiency of funding retirement benefits. The Administration will work with the PERS Board of Administration to explore new initiatives which will honor all commitments to employees while doing so at the lowest possible cost to the state.



## Department of Veterans Affairs

The Department of Veterans Affairs (DVA) was established to provide services to deserving California veterans, their dependents, and eligible members of the California National Guard, with benefits and rights entitled under State and Federal laws. The DVA's three primary objectives are to: 1) provide comprehensive assistance to veterans and dependents of veterans in obtaining benefits and rights to which they may be entitled under State and Federal laws, 2) provide eligible California veterans the opportunity of becoming homeowners through the use of long-term low-interest loans available to them under the Cal-Vet farm and home loan program, and 3) provide support for the Veterans Home of California where eligible veterans may live in a full service retirement community and where complete nursing care and hospitalization are provided.

The Veteran's Home, located in Yountville, currently maintains a 689 bed medical and nursing facility. An additional 121 skilled nursing beds and 72 intermediate care nursing beds are not currently in use due to the multi-year renovation program that is currently underway at the Home.

The 1991-92 Governor's Budget proposes an expenditure level of \$74 million and 1,277.3 personnel years. Of these amounts, \$48 million and 947.6 personnel years are dedicated to the provision of services at the Home.

Related to the multi-year remodeling effort for the Home, the following increases are proposed for 1991-92:

- \$688,000 of state and federal funds to purchase both new and replacement equipment for three hospital wings which are under renovation currently and are scheduled for completion early in 1992.

- \$5.3 million of state and federal funds to continue capital outlay funding for three additional residence unit renovation projects, an additional chiller for the renovated buildings and for various fire/life safety minor projects.

## Other Governmental Agencies

### Department of Food and Agriculture

California agriculture is a vital part of the economy of our state and nation accounting for over \$17.6 billion annually in gross farm receipts. As the nation's number one farm state (see Figure 13-C), California produces over 50 percent of the nation's exports of fruits, nuts and vegetables (see Figure 13-D). The Department of Food and Agriculture protects and promotes California agriculture through programs providing services such as marketing assistance and pest and disease eradication. In addition, the Department helps protect the interests of consumers and agricultural workers through the regulation of pesticide use and enforcement of weights and measures standards.

The 1991-92 Governor's Budget proposes a total expenditure of \$225 million and 2,134 personnel years. Budget adjustments for 1991-92 include:

- An augmentation of \$1.3 million and 19 personnel years to provide improved data collection for pesticide use and to provide for increased development and importation of biological control agents.
- \$4.5 million and 88 personnel years to provide intensive inspection at major air and maritime ports of entry pursuant to legislation enacted in 1990, and \$600,000 for major repairs of various border stations in California. \$800,000 and 9 personnel years are added to

Figure 13-C

### Top Ten Farm States 1989 Cash Receipts

(Dollars in Billions)

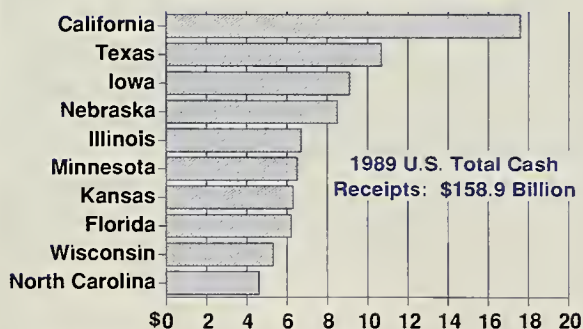
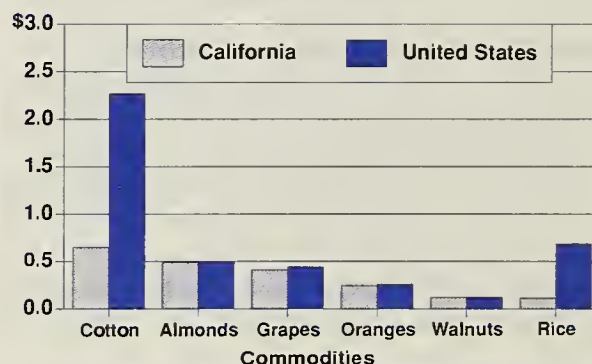


Figure 13-D

### Value of California's Leading Exports Compared to U.S. Values, 1989

(Dollars in Billions)



operate the state's new sterile Mediterranean Fruit Fly production facility in Hawaii.

**Agricultural Export Program.** The Department of Food and Agriculture's Agricultural Export Program assists California exporters through a matching funds program, an electronic trade leads system and foreign market development. Since its inception in 1985, the Agricultural Export Program has funded a total of 559 grants at a dollar value of nearly \$21.3 million to California agricultural exporters to assist them in market development and trade activities overseas. For 1991-92, the Governor's Budget proposes to continue support of \$1 million from the Unitary Fund resulting in a total funding level for the program of \$4 million. As reflected in Figure 13-E, over half of our exports go to Pacific Rim countries.

**Capital Outlay.** Capital Outlay includes a total of \$17.5 million for two major projects and one minor project. The major projects propose:

- \$15 million in construction funds for a new laboratory for the Plant Industry Division. The new lab is needed to replace the current facility which has health and safety problems resulting from inadequate plumbing, storage, laboratory fume hoods and exhaust, and hazardous waste storage and disposal;
- \$2 million in construction funds for the Sacramento Chemistry Laboratory to upgrade and add laboratory fume hoods, replace air conditioning units, add a solvent storage room, and walk-in refrigerator; and to remodel the existing receiving room at the Division of Inspection Services, Sacramento Chemistry Laboratory. This work is needed to correct health, safety and code deficiencies at the existing laboratory.

## Department of Industrial Relations

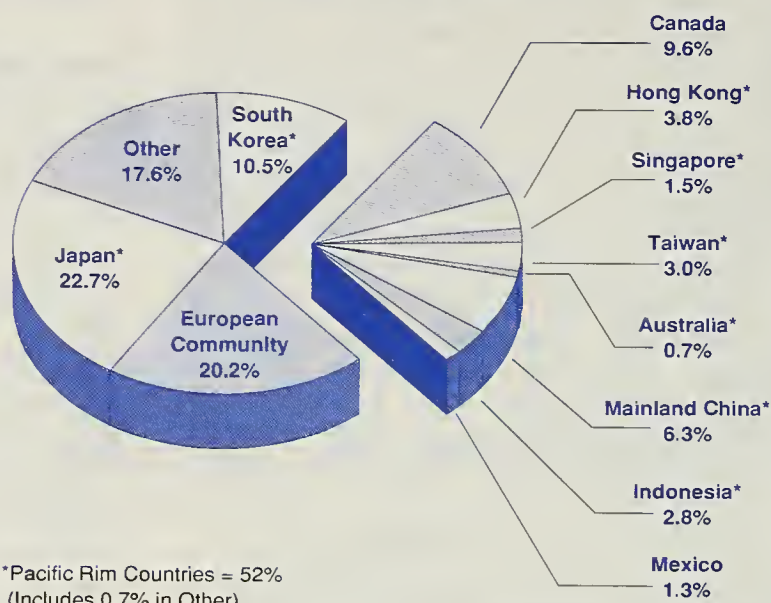
The objective of the Department is to protect the workforce in California, improve working conditions, and advance opportunities for profitable employment.

The 1991-92 Governor's Budget proposes a total expenditure of \$190.1 million and 2,631 personnel years. Budget adjustments for 1991-92 include:

- \$728,000 and 11 personnel years, to be funded from fees, for workload increases in the Elevator Inspection Unit.

Figure 13-E

### California's Agricultural Export Markets Calendar Year 1989



- \$2 million (\$1.5 million General Fund and \$556,000 other funds) for increased facilities operation costs due to relocations necessitated by the Loma Prieta earthquake.
- \$2.2 million to continue funding from the General Fund for both the Workers' Compensation Appeals Board and the Pressure Vessel/Elevator on-line systems at the Teale Data Center.
- \$5.5 million and 91 personnel years for workload increases in the Division of Workers' Compensation associated with legislation enacted in 1990 which makes various technical changes to the Workers' Compensation Reform Act of 1989. Proposed funding is 80 percent General Fund and 20 percent industry assessments.
- \$301,000 and 4 personnel years, to be funded from fees, for the development of the asbestos abatement consultant examination and certification process pursuant to legislation enacted in 1990.
- \$109,000 and 2 personnel years, to be funded from fees, for the development of refinery and chemical plant safety standards pursuant to recently enacted legislation.



- \$215,000 and 2 personnel years, to be funded from fees, for increased Employees' Account, Uninsured Employers' Fund collections workload associated with the enactment of legislation in 1990 (SB 241).

## Department of Economic Opportunity

The Department of Economic Opportunity administers both the Low-Income Home Energy Assistance block grant program (LIHEAP), which provides cash grants and weatherization services to assist low-income persons in meeting their energy needs, and the Community Services block grants, which provides funds to community action agencies for programs intended to assist low-income households. For 1991–92, the Department proposes over \$90 million in grants for both programs. Also, \$3.3 million from the Petroleum Violation Escrow Account is proposed for inclusion to supplement LIHEAP grants in order to assist more eligible low-income households. In addition to its grant administration activities, the Department also plans, coordinates and evaluates programs that provide services and advises the Administration on the needs of the economically disadvantaged.

## Military Department

The Military Department is responsible for the command and management of the California Army and Air National Guard and seven other military related programs. The purpose of the California National Guard is to provide military service supporting this State and the nation.

The 1991–92 Governor's Budget proposes a total expenditure of \$53 million from various funds and 695 personnel years.

In addition, the 1991–92 Governor's Budget proposes a total of \$5.4 million (\$3.2 million SAFCO and \$2.2 million Federal Funds) for Capital Outlay projects, including:

- \$520,000 from SAFCO for land acquisition for a new armory in Redlands. The existing facility is one of 19 armories with lease expirations occurring between 1997 and 2002. Replacement armories must be constructed at new sites by the lease expiration date where a long-term land lease extension cannot be negotiated.
- \$1.1 million from SAFCO and \$165,000 from the Federal Trust Fund to begin planning and design for a new State Headquarters complex in Rancho Cordova. The Department of Defense is expected to set aside land on Mather AFB and provide 38 percent of the funding to design and build the facility. Construction of the complex will improve operating efficiency by consolidating central administrative and logistical activities at one location.

- \$3.6 million (\$1,552,000 SAFCO and \$2,049,000 Federal Funds) for completion of the Lakeport Armory, statewide design for several projects including Camp San Luis Obispo, completion of acquisition for San Jose Armory and Minor Capital Outlay.

## State Board of Equalization

The State Board of Equalization administers 15 tax programs which serve to support both state and local government activities. The state's General Fund receives over 37 percent of its revenue from these sources.

The 1991–92 Governor's Budget proposes a total expenditure of \$205 million and 3,424 personnel years for the Board. Budget adjustments in 1991–92 include:

- \$967,000 and 7 personnel years to begin the implementation of the VISTA (Vision for Technological Achievement) Project. The recommended approach to realizing VISTA is to shift the Board's central computing, network services and central data storage to the Teale Data Center, while retaining and enhancing the critical functions of data capture, local computer, applications development, and printing at the Board's headquarters and field offices.
- \$741,000 and 17 personnel years for the Sales and Use Tax Program to accommodate increased workloads associated with registering new taxpayers, providing required training to field auditors and filling vacant revenue producing positions.
- \$1.8 million and 7 personnel years to redesign the Board's Business Taxes Registration System and the Board Roll (State-Assessed Property) System. Once implemented, these new systems will assist Board staff in maximizing revenue collection efforts for both state and local governments.
- \$4.4 million and 86 personnel years to process increased workloads generated by the Board administering transaction (sales) and use tax ordinances for the five new Special Taxing Jurisdictions that were approved on the November 1990 ballot.
- \$980,000 and 15 personnel years to continue processing workloads related to solid waste fees, oil spill prevention fees, hazardous waste generator surcharges, hazardous waste facility fees and underground storage tank fees.
- \$396,000 and 8 personnel years to process workloads associated with administering the Traffic Congestion Relief and Spending Limitations Act of 1990 (Proposition 111).





# Management of Government

**T**he Administration believes that the state can and must find new and effective ways to deliver services. The current fiscal crisis only highlights the importance of efficient management of the state's fiscal resources. This includes not only the issue of state employee compensation and health benefits, but also department/program fiscal accountability and the use of new and innovative information technology. The 1991-92 Governor's Budget provides the state with the opportunity to examine these issues to assure California's citizens that their tax dollars are being spent wisely.

## Employee Compensation/Health Benefits

The state currently spends approximately \$13 billion annually to fund the salaries, wages and benefits of over 248,000 employees. Employee salary and benefit increases have generally kept pace with inflationary increases. For example, civil service employee salaries will have increased by 53 percent over the past eight years which exceeds the 42 percent increase in the California Consumer Price Index and the 37 percent increase in the United States Consumer Price Index during the same period. Additionally, the state generally pays the total premium costs of its employees' health, dental, vision, life insurance, employee assistance and other benefit programs. These resources provide state employees with a comprehensive employee compensation program.

In recognition of the state's current severe fiscal constraints, the proposed 1991-92 State Civil Service Employee Compensation Program does not include funding for additional salary increases. However, the proposed Governor's Budget does provide over \$108 million for continued funding of all employee benefit program premium increases. The Department of Personnel Administration, which represents the Governor in all employer-employee matters, will be exploring ways to improve the cost effectiveness of the health, as well as all benefit programs, in the forthcoming negotiation process. The Administration believes that management and labor can develop an employee compensation program that is both equitable and cost effective.

**Health Benefits for Retired Annuitants.** This program provides the state's contribution toward monthly health and dental insurance premiums for over 79,000 retired state employees. For the 1991-92 fiscal year, the

state will expend approximately \$290 million General Fund to provide these post-retirement benefits. This represents over a 20 percent increase in costs over the 1990-91 fiscal year. The state's costs for retiree health benefits have grown rapidly over the past decade outpacing both the increase in the California medical inflation index and state payroll increases. During this time, retiree health costs have increased by an average of 20 percent annually as a result of premium increases and the continued growth in the retiree population.

## Information Technology

Computers have become the state's primary tool for controlling the cost of government. They have proven themselves over and over again by giving state agencies the means to provide better services at lower cost to the people of California. The proposed 1991-92 Governor's Budget provides for more than \$60 million in new automation and telecommunications projects, making the state's proposed annual expenditure for information technology well over \$1 billion.

**Office of Information Technology.** The planning, development and management of information systems within California state government is primarily the responsibility of individual agencies. The Office of Information Technology (OIT) supports and promotes the use of innovative information technologies in state government as a means of saving money, increasing productivity, improving state services, and demonstrating effective management tools.

**Benefits.** The benefits of information technology for state agencies are substantial:

- Information technology provides access to real-time, on-line information that is tailored to the specific needs of the users of that information. Agencies are able to respond more quickly and more accurately, and deliver a better service in the process.
- Information technology provides powerful extensions of human skills for processing information. Electronic tools that support writing, drafting, calculating, filing, retrieving, sorting and sending information not only replace much that is routine, but open new opportunities for professional accomplishment. An expert system, such as the forensic blood analysis expert system created by the California Department of Jus-

tice, makes the highest level of scientific expertise immediately available to laboratory personnel throughout the state.

- Information technology provides better management control over program activities. Not only can technologies such as personal computers, local area networks, electronic mail and relational data bases make day-to-day work more efficient, but the use of information technology can give managers increased control over the accomplishment of program objectives.
- Information technology makes new programs possible. Many data processing tasks could be done manually; technology makes the process faster, more efficient and more reliable.
- Finally, and most importantly, information technology reduces the cost of government. In fact, computers have proven themselves over and over again by giving state agencies the means to provide better services at lower cost to the people of California.

## Financial Integrity and Accountability

This Administration intends to ensure the efficiency and effectiveness of its workforce. One of the most important tools available to government managers to ensure that their operations are as efficient and effective as possible is a system of internal controls. Such controls provide reasonable assurances that assets are safeguarded, accounting data is reliable, and that laws, regulations and management policies are being followed.

In 1982, the Legislature adopted the Financial Integrity and State Managers' Accountability Act (FISMA). The FISMA requires that agency heads establish and maintain a system of internal controls; communicate the system requirements to employees; and assure that the system is functioning as prescribed. Internal control systems such as FISMA help to assure California's citizens that their tax dollars are being well spent by state government.

## Capital Outlay Program

Proposed 1991-92 expenditures for the Capital Outlay Program are \$534 million. The funding for this program is derived from a number of sources including: Lease Revenue Bonds (62.3 percent), Special Funds (19.5 percent), available General Obligation (G.O.) Bond Funds (16.9 percent) and Federal Funds (1.3 percent).

**Table 14-1**  
**Capital Outlay Program**  
**(Dollars in Thousands)**

<i>Agency</i>	<i>1990-91 *</i>	<i>1991-92</i>
Legislature, Judicial and Executive.....	\$109	<b>\$1,192</b>
State and Consumer Services.....	15,013	<b>14,896</b>
Business, Transportation & Housing.....	2,430	<b>8,342</b>
Resources.....	154,192	<b>51,347</b>
Health and Welfare.....	23,310	<b>27,330</b>
Youth and Adult Correctional .....	49,721	<b>20,180</b>
Higher Education .....	623,304	<b>385,081</b>
General Government.....	4,252	<b>25,587</b>
Total .....	<u>\$872,331</u>	<u><b>\$533,955</b></u>

\*Budget Act Appropriations

This level of funding represents a 39 percent reduction in funding from the current year. The most significant change is in the level of G.O. Bonds. In 1990-91, \$526 million in G.O. Bonds were budgeted compared to \$90.1 million proposed for 1991-92. Notwithstanding the reduced level of funding in 1991-92, this program will continue to meet: critical fire/life safety issues; the growth needs of both the Higher Education Program and the Prison Construction Program and provide sufficient resources to meet continuing commitments in other Departments and programs.

Due to the failure of the 1990 November General Obligation Bonds for higher education (Proposition 143), prison construction (Proposition 144) and parks (Proposition 149) capital outlay requests had to be reevaluated and reprioritized. Based on this process, a program was developed which represents the highest priority projects for 1991-92. Capital outlay funding is shown by agency for 1990-91 and 1991-92 in Table 14-1.

Highlights of the 1991-92 Capital Outlay program are as follows:

- \$20.1 million to renovate the state's existing prison facilities which includes security and safety improvements and modifications to accommodate overcrowding (\$14.7 million) and to upgrade youth detention facilities to accommodate population increases (\$5.4 million).
- \$9.1 million in the Department of Forestry and Fire Protection for facility improvement and replacement of old and wornout fire stations, helitack and air attack bases, and other emergency response facilities for fire protection.



- \$26.5 million for acquisition and development of state park lands.
- \$15 million in the Department of Food and Agriculture to construct a new chemistry lab. The new lab is needed to replace the current facility which has health and safety problems resulting from inadequate plumbing, storage, laboratory fume hoods and exhaust, and hazardous waste storage and disposal.
- \$9.3 million in the Department of General Services for upgrade of the Sacramento Central Plant (\$6 million); for acquisition and planning costs of a new 500 space state parking garage in Sacramento (\$3.1 million); and minor fire/life safety work in state office facilities in San Bernardino (\$200,000).
- \$10.7 million in the Department of Water Resources to protect levees on the Sacramento River (\$8.9 million) and continuation of the federal flood control project (\$1.8 million).
- \$385 million for Higher Education to renovate and modernize existing facilities and construct new facilities to meet increases in enrollment growth. Included are seismic safety renovations (\$74 million) and efforts aimed at meeting local air quality requirements (\$6.5 million).
- \$19.3 million is proposed for critical fire/life safety projects in the Departments of Developmental Services and Veterans Affairs.

#### Capital Outlay/Infrastructure

**Report.** Legislation enacted in 1990 requires the Director of Finance to provide a report to the Legislature by February 1, 1991, which provides an overview of the state's potential need for the financing of major capital outlay and infrastructure for a ten-year period. To be updated annually, this report will be a guide for capital outlay planning and policymaking.

A major initiative of the Administration is to remove some of the constraints on local governments ability to fund needed educational and criminal justice facilities. This initiative is described in the "State and Local Government" section.

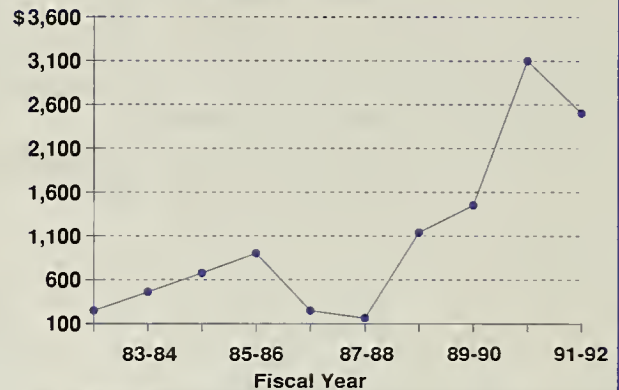
#### Bonds

Bond financing is an accepted form of long-term borrowing under which the state raises money by issuing voter-approved financial securities, or General Obligation Bonds, to investors. General Obligation Bonds are used to finance a wide variety of projects benefiting

Figure 14-A

#### General Fund General Obligation Bond Sales: 1982-83 through 1991-92

(Dollars in Millions)

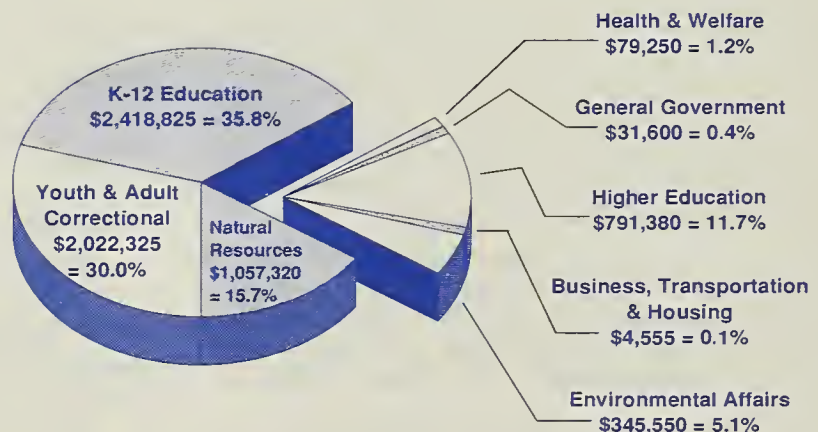


the public, including schools, prisons, parks and water treatment facilities. For 1991-92 Bond Fund resources utilized for expenditures will total \$1.6 billion. Of this amount nearly \$502 million is for business, transportation and housing and \$724 million is for prisons and youth

Figure 14-B

#### Outstanding General Fund General Obligation Bonds by Agency

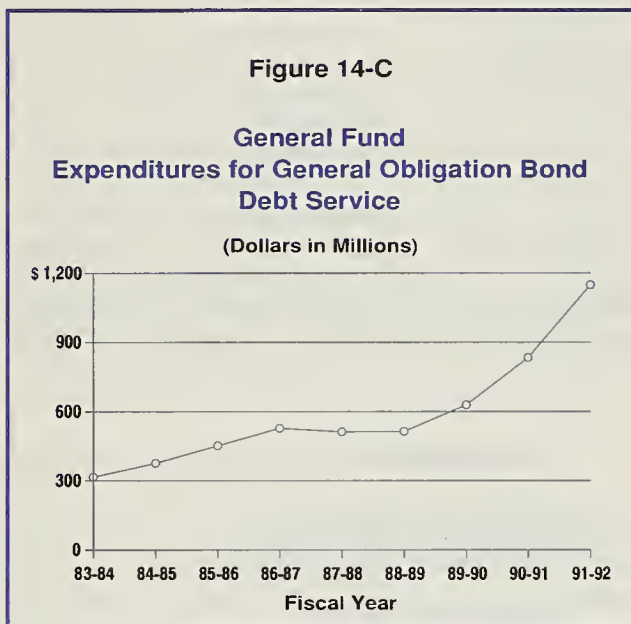
(Dollars in Thousands)



authority facilities. (For specific information on bond expenditures see the various expenditure areas.)

Figure 14-A displays the General Fund General Obligation Bond sales between fiscal years 1982-83 and 1991-92. Bond sales increased between 1982-83 and 1985-86 and then declined in 1986-87 and 1987-88. This decline was due primarily to the implementation of the Federal Tax Reform Act of 1986. Federal tax rules continue to impose limits on the sale of bonds in advance of the completion of projects. The state sold \$1.375 billion in bonds during 1989-90 and it is estimated that the state will sell \$3.1 billion in 1990-91.

Currently, there are \$6.75 billion of outstanding state General Fund General Obligation Bonds. Figure 14-B



provides a breakdown of these outstanding bonds by agency. As the figure shows, the Youth and Adult Correctional Agency accounts for 30 percent of the \$6.75 billion in outstanding bonds while K-12 Education accounts for almost 36 percent of the total outstanding. The remaining outstanding bonds are represented by other state agencies, including resources, higher education, health and welfare, general government, and business, transportation and housing.

The 1991-92 Budget includes \$1.15 billion in General Fund to pay interest and redemption costs on outstanding General Obligation Bonds. Figure 14-C reflects the level of General Fund expenditures for General Obligations debt service between fiscal years 1982-83 and 1991-92.

Even though California currently maintains a modest bond funding level, it is critical that all efforts be made not to over-extend this funding source. General Obligation

Bonds are not now and should not in the future be used as a funding source for general or ongoing expenses, but only for purposes which will provide long-term benefits. Examples of these types of projects include higher education facilities, roads and prisons. By following this course, the facilities constructed now will benefit not only the people today, but the generations to come.

California enjoys a very favorable standing nationwide with its low level of debt service. The state currently spends less than 2.5 percent of all General Fund expenditures for debt service costs. California's debt per capita and debt as a percentage of personal income are the second lowest among the five Triple-A credit rated states. With the increase in the number and size of recent General Obligation Bond measures, it is certain that the level of debt service will increase and a greater proportion of the state's General Fund will be needed in the future. This makes the need for caution in debt issuance all the more important. Additionally, in recent years, the state has been increasing the use of lease-purchase techniques as a complementary means of financing certain capital needs. The usual funding instruments for these capital projects are Lease-Revenue notes or bonds. The lease purchase method of financing projects is used primarily for Higher Education facilities, state prison construction and on occasion for general purpose office buildings. The 1991-92 proposed Budget includes \$208 million for payments on Lease-Revenue notes and bonds.

In the June and November 1990 elections the voters approved the following General Obligation Bond measures:

Official Title	Authorization (Dollars in Millions)
Housing and Homeless Bond Act of 1990	\$150
Passenger Rail and Clean Air Bond Act of 1990	1,000
Rail Transportation Bond Act	1,990
New Prison Construction Bond Act of 1990	450
1990 School Facilities Bond Act	800
School Facilities Bond Act of 1990	800
Higher Education Facilities Bond Act of 1990	450
Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990	300
<b>Total</b>	<b>\$5,940</b>

## State Appropriations Limit

**History.** Proposition 4, enacted by California voters in November 1979, and later amended by Proposition 98 in November 1988, permanently altered how state and local governmental entities, including special districts and school districts, may appropriate the proceeds of taxes. The basic premise of Proposition 4 was that there



**Table 14-2**

**State Appropriations Limit  
(Dollars in Millions)**

	1978-79 *	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
State Appropriations Limit.....	\$12,564	\$24,311	\$25,201	\$27,064	\$29,318	\$32,203	\$34,990
Revenues Subject to Limit.....	-	-25,449	-24,030	-26,753	-27,700	-28,531	-32,946
Amount (Over)/Under Limit.....	-	(\$1,138)	\$1,171	\$311	\$1,618	\$3,672	\$2,044

\* Base Year

must be a limit on how much of the tax dollars received by these entities may be spent. In accordance with Proposition 4 (codified as Article XIII B, California Constitution), any tax receipts above this limit must be returned to the taxpayers, thereby eliminating the chances of government expenditure of any overcollection of taxes.

To implement Proposition 4, all appropriation limits were initially based on the amount of tax dollars appropriated in the 1978-79 "base" year. This dollar amount was recognized as the representative amount of tax dollars required to support the size of government needed to provide essential programs and services to the citizens of California in that year. Acknowledging that the demand on programs and services increases commensurately with increases in population and cost-of-living, Proposition 4 allowed governmental entities to annually increase their limits by these two factors.

Proposition 98 fundamentally changed the way the limit functions for the state by requiring that any excess tax revenues up to a certain amount must be allocated to school districts (K-14). Thus, while a spending limit remains for local governmental entities and as a control for non K-14 expenditures at the state level, the limit's control on expenditures was effec-

tively removed with regard to the K-14 area. It remains necessary for the state to calculate its limit, however, in order to determine the correct levels of appropriations in the non K-14 budget areas.

**Spending Limit Reforms.** In June 1990, voters approved Proposition 111, the "Traffic Congestion Relief and Spending Limitation Act of 1990". This proposition, strongly supported by the Governor, Legislature, Superintendent of Schools, business community and many others, revised how appropriation limits are calculated.

Instead of using the lesser of either the U.S. Consumer Price Index or California per capita personal income, this Proposition requires the state and school districts to use only the change in California per capita personal income. Local governments have the choice of

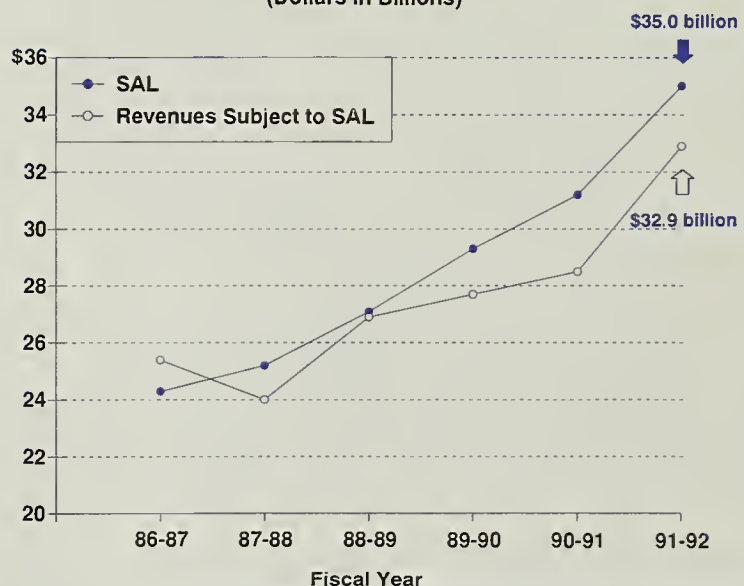
this factor or an alternate growth factor which would take into consideration the change in the assessed valuation of local commercial construction.

Population factors are also redefined under this Proposition for all entities. The changes to the state include increasing the limit to now include growth in the average

**Figure 14-D**

**State Appropriations Limit  
(Limit vs. Revenue)  
1986-87 through 1991-92**

(Dollars in Billions)



daily attendance in grades K–12, which is one of the fastest growing segments of our total population.

In addition, this Proposition exempted from the limit appropriations for “qualified capital outlay projects” and the tracking of them for SAL purposes is still under review and has not been included in State Appropriation Limit calculations.

Overall, this Proposition made positive changes in limits statewide, allowing limits, including education, to grow more consistently with the growth in our economy. This will provide governments with the ability to meet essential demands due to economic expansion and population growth. At the same time Proposition 111 strengthened the limit by restricting the amount of excess tax revenues which may be allocated to the K–14 area.

State appropriations take two basic forms: Money may be appropriated for direct programmatic purposes, such as education funding or health services; or it may be appropriated for unspecified purposes to various reserve funds, the most important being the Special Fund for Economic Uncertainties in the General Fund.

Because the Limit applies to all governmental entities within California, funds transferred from one unit of

government to another are subject to the Limit only once. Appropriations to local government without restrictions on their use are considered tax proceeds for the local entities and not the state, and are subject to the Limit of the local entities.

Appropriations to reserves count against the Limit in the year in which they are made. Expenditures from specific appropriations or reserves made in prior fiscal years do not count since the full amount of the appropriation is counted in the year it is made.

Table 14-2 and Figure 14-D display the history of the State Appropriation Limit. The 1991–92 appropriations are \$2,044 billion below the level of the Limit.

**Limit Calculation.** The Limit is based on tax revenues actually appropriated in 1978–79 and adjusted annually for inflation using the change in the California per capita personal income. Prior to the passage of Proposition 111, it was either the U.S. Consumer Price Index or California per capita personal income, whichever was less. The Limit is also adjusted annually for population growth, shifts in financial responsibility between entities of government, and funding source shifts for programs from tax proceeds to fees.



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# Appendix

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# Budgetary Process

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance provides a further update on revenues and expenditures to the Legislature during August. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued By	When
Budget Letters and Management Memos	Convey Administration guidelines for budget preparation to agencies and departments.	Governor/Department of Finance	April through December
Budget Change Proposals	Proposes and documents budget changes to maintain the existing level of service or to change the level of service.	Agencies and departments submit to Department of Finance for analysis	July through September
Governor's Budget	Governor proposes budget for the upcoming fiscal year.	Governor/Department of Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Department of Finance	January 10
Budget Bill	Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document.)	Department of Finance/Legislature	January 10
Budget Analysis	Analysis of the budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
Budget Update	Compilation of Budget Change letters sent to Fiscal Committees.	Department of Finance	March
May Revision of General Fund Revenues and Expenditures	Update of General Fund revenues, expenditures and reserve estimates based on the latest economic forecast.	Department of Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes.	Legislature/Governor	Late June
Supplemental Report of the Committee on Conference on the Budget Bill	Contains language on statements of intent and requests for information or studies.	Legislative Analyst	Early July
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including summary budget schedules.	Department of Finance	Mid-July
Final Change Book	Update of the changes to the detailed fiscal information in Governor's Budget in accordance with the Budget Act.	Department of Finance	Late July
Budget Update	Update of General Fund Revenues	Department of Finance	August
General Fund Update and Financial Legislation Report	Update of revenue and expenditure estimates, including financial legislation.	Department of Finance	November/December

# Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all activities. For definitions of terms peculiar to a specific program area, please refer to the individual budget presentation of interest.

The definitions of other budget-related terms may be found in the State Administrative Manual and in the annual Budget Bill.

## **Administration Program:**

An accounting for departmental central management costs. These include such costs as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department.

"Administration-distributed" represents those costs which are more properly distributed to the program activities of a department as indirect costs.

## **Allocation:**

A distribution of funds, or an expenditure limit established for an organization unit.

## **Allotment:**

A part of an appropriation, to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line-item expenditure basis.

## **Appropriation:**

An authorization from a specific fund to a specific agency to make expenditures/incure obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Legislation can provide for continuing appropriations (which require no subsequent legislative action) and are also provided by the California Constitution.

## **Appropriations Limit:**

As defined in Section 8 of Article XIIB of the California Constitution, enacted by the passage of Proposition 4 at the November 6, 1979 general election, the growth in the level of certain appropriations from tax proceeds are generally limited to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments

may be made for such reasons as the transfer of services from one government entity to another.

## **Augmentation:**

An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a program, category, or project by transfer from any other program, category, or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments, and from the federal government to the extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the Chairperson of the Joint Legislative Budget Committee.

## **Authorized Positions:**

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for each agency. Changes in authorized positions are listed following each department's budget presentation in the Governor's Budget. (See Proposed New Positions.)

## **Balance Available:**

Amount available for appropriation or encumbrance. It is the excess of cash and near-cash assets of a fund over its liabilities and reserves; or commonly called surplus available for appropriation. It is also the unobligated balance of an appropriation which may be encumbered for the purposes of the specific appropriation.

## **Baseline Budget:**

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes an adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

## **Budget, Program/Traditional:**

A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.



The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations, Local Assistance and Capital Outlay for each department, as well.

#### **Budget Bill/Act:**

The Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. The Budget Bill is the Governor's proposal for spending authorization for the subsequent fiscal year for on-going programs authorized by the Legislature. The Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act.

#### **Budget Change Proposal (BCP):**

A proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

#### **Budget Year (BY):**

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

#### **Capital Outlay:**

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

#### **Carryover Appropriations:**

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

#### **Category:**

A grouping of related objects of expenditure (goods or services). Such groupings are primarily Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

#### **Category Transfer:**

A control section of the Budget Act provides that the Department of Finance is authorized to augment any category by transfer from any other category within the same appropriation item schedule.

Augmentations of personal services and operating expenses and equipment categories generally cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000. (See Category.)

#### **Changes in Authorized Positions:**

A schedule included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and reclassifications). It also includes proposed new positions for the budget year.

#### **Character of Expenditure:**

A classification of expenditures. (See State Operations, Local Assistance or Capital Outlay.)

#### **Codes, Uniform:**

A set of codes, used in all major fiscal systems of California State government, which has been established to identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

#### **Continuing Appropriation:**

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization which is automatically renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is required for the purpose as determined by formula—such as school apportionments.

#### **Control Sections, Budget Act:**

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations for support of the State of California. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

#### **Cost-of-Living Adjustments (COLAs). Statutory/Discretionary:**

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year, e.g., Urban Impact Aid.

**Current Year (CY):**

The fiscal year beginning July 1 and ending June 30.  
The time period we are in now.

**Encumbrance:**

A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

**Expenditure:**

Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

**Federal Funds:**

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through another state department. State departments must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

**Final Budget:**

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.

**Finance Letters:**

Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Budget Year.

**Fiscal Year (FY):**

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'90" or "'1990"

means the 1990-91 fiscal year. By contrast, the federal 1990-91 fiscal year is often referenced as "'91" or "'1991," and lasts from October 1 through September 30.

**Fund Balance:**

Excess of the assets of a fund over its liabilities and reserves. (See Balance Available, Special Fund for Economic Uncertainties and Surplus.)

**Fund Condition Statement:**

A statement included in the Governor's Budget for each special fund, special accounts in the General Fund, selected bond funds and Governmental Cost funds to disclose the fund assets, liabilities, reserves and surplus.

**Funds:**

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures. (See "Description of Fund Classifications in State Treasury.")

**General Fund:**

The General Fund is the predominant fund for financing State operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Schedule 9 provides a listing of expenditures for the General Fund.

**Item:**

(See Appropriation.)

**Governmental Cost Funds:**

(See Special Funds.)

**Limited-Term Positions:**

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.



**Line Item:**

(See Objects.)

**Local Assistance:**

Expenditures made for the support of local government activities.

**Local Mandates:**

(See State-Mandated Local Program.)

**Merit Salary Adjustment:**

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the work classification.

**Minor Capital Outlay:**

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$250,000.

**Objects (line items):**

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations, Local Assistance and Capital Outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

**Past Year (PY):**

The fiscal year just completed. (See Fiscal Year.)

**Personnel Years:**

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.

**Positions:**

(See Authorized Positions.)

**Programs:**

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

**Proposed New Positions:**

A request for an authorization to expend funds for the employment of additional people for the performance of work. Proposed new positions may be for limited-time periods (limited term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

**Reappropriation:**

The extension of the availability of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

**Receipts:**

Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

**Reconciliation With Appropriations:**

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

**Reimbursements:**

Amount received as a repayment of the cost of work, or service performed, or of other expenditures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

**Special Fund for Economic Uncertainties:**

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties and a reserve in each special fund to provide for emergency situations. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed on other appropriations. (See Appropriations Limit.)

**Reserve:**

An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future appropriations, for pending salary or price increase appropriations and appropriation for capital outlay projects.

**Revenue:**

The addition to cash or other current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings.

**Reversion:**

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

**Salary Savings:**

Salary savings reflects personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past year experience.

**Special Funds:**

Special funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of special funds are the transportation funds, fish and game funds and the professions and vocations funds. Revenues and expenditures of special funds are summarized in Schedules 8, 9 and 10.

**Staff Benefits:**

The staff benefits object represents the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

**State-Mandated Local Program:**

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979 general election. (See Governor's Budget: 8885 Commission on State Mandates.)

**State Operations:**

Expenditures for the support of State government, exclusive of capital investments and expenditures for local government activities.

**Summary by Object:**

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Capital Outlay and Local Assistance expenditures.

**Summary of Program Requirements:**

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals and source of funds for the past, current and budget years.

**Summary Schedules:**

The Governor's Budget includes schedules which summarize state revenues, expenditures and other fiscal and personnel data for the past, current and budget years. (See Schedules 1-13.)

**Tax Expenditures:**

Subsidies provided through the taxation systems.

**Transfers:**

As reflected in fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.



# Description of Key Schedules

The Budget includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

**SCHEDULE 1. *General Budget Summary***—Provides for a fund condition statement for the General Fund and the total of the Special funds plus expenditure totals for the Selected Bond funds.

**SCHEDULE 2. *Total State Spending Plan***—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds and Federal funds are shown.

**SCHEDULE 3A. *Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classifications***—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

**SCHEDULE 3B. *Comparison of California's Current Fund Structure to Recommended GAAP Fund Classifications***—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

**SCHEDULE 4A. *Personnel Years and Salary Cost Estimates***—Provides personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

**SCHEDULE 4B. *Positions and Salary Cost Estimates***—Provides position and personnel year data and corresponding dollar amounts by functional breakdown. This schedule reflects both gross data before salary savings and net totals salaries and wages.

**SCHEDULE 5. *Summary of State Population, Employees, and Expenditures***—Provides historical data of State population, employees and expenditures.

**SCHEDULE 6. *General Fund—Analysis of Change in Reserves***—Provides a comparison of the General Fund amounts presented in the previous Governor's Budget to the amounts presented in this Governor's Budget.

**SCHEDULE 7. *General Fund: Statement of Financial Condition***—Provides the financial condition of the General Fund as of June 30, 1990, from the most recently available information from the State Controller.

**SCHEDULE 8. *Comparative Statement of Revenues***—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

**SCHEDULE 9. *Comparative Statement of Expenditures***—Provides a listing of expenditures in the order of printing of individual budgets from the General Fund, Special funds, selected Bond funds and Federal funds for State Operations, Local Assistance and Capital Outlay.

**SCHEDULE 9A. *Proposition 98 General Fund Guarantee***—Provides a listing of appropriations for Education programs for grades K-14 and other state agencies providing direct elementary and secondary level instructional services which are subject to Proposition 98 passed by the electorate in November of 1988.

**SCHEDULE 10. *Summary of Fund Condition Statements***—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

**SCHEDULE 11. *Statement of Cash and Securities***—Provides a listing of cash, securities and amounts due from the Surplus Money Investment Fund for all funds maintained in the State Treasury.

**SCHEDULE 12. *Statement of Bonded Debt***—Provides a listing of all general obligation bonds as of December 5, 1990 including maturity dates, authorized amount of bond issues, unsold issues, redemptions and outstanding issues.

**SCHEDULE 13A. *Revenues to Excluded Funds***—Provides a listing of revenues to special funds that are not included in the calculation of total appropriations subject to the State Appropriations Limit.

**SCHEDULE 13B. *Non-tax Revenues in Funds Subject to Limit***—Provides a total of non-tax revenues for General and Special funds deposited in funds that are included in the calculation of total appropriations subject to the State Appropriations Limit.

**SCHEDULE 13C. *Transfers from Excluded Funds to Included Funds***—Provides a listing of transfers between funds that are included in calculating the appropriations subject to the Limit.

**SCHEDULE 13D. *Expenditures Excluded from Limit by Agency***—Provides a distribution of actual gross appropriations that are excluded from appropriations subject to the limit.

# Description of Fund Classifications in the State Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Schedules 10 and 11 provide a complete list of these funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals, and along with selected Bond Funds, are included in the overall expenditure totals. In 1981-82 the State of California began to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the 1990-91 budget totals.

**General Fund.** Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

**Special Funds.** Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement; and capital outlay.

**General Fund Special Accounts.** Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds and revenues and expenditures are included in the special funds totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

**Other Funds.** See Schedule 11 for a list of funds which do not represent a cost of government. Expenditures from these funds are not included in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

**Working Capital and Revolving Funds.** Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

**Public Service Enterprise Funds.** Self supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

**Bond Funds.** Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

**Retirement Funds.** Moneys held in trust by the State for retirement benefit payments.

**Trust and Agency Funds.** Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitory funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

## Selected Bond Funds

Selected bond funds are General Obligation Bond funds which are non-self liquidating. Included in the overall expenditures totals of Schedules 1 and 9 for budget purposes are expenditures from the selected bond funds, the following page provides a complete listing of all selected bond funds.



<i>Fund No.</i>	<i>Fund Name</i>	<i>Fund No.</i>	<i>Fund Name</i>
788	California Earthquake Safety and Housing Rehabilitation Bond Account	714	Home Building and Rehabilitation Fund
794	California Library Construction and Renovation Fund	720	Lake Tahoe Acquisitions Fund
707	California Safe Drinking Water Fund	723	New Prison Construction Fund
793	California Safe Drinking Water Fund of 1988	781	New Prison Construction Revenue Fund
719	California School Finance Authority Fund	762	Oil Spill Bond Expense Account (Oil Spill Prevention and Administration Fund)
786	California Wildlife, Coastal and Park Land Conservation Fund of 1988	756	Passenger Rail Bond Fund of 1990
703	Clean Air and Transportation Improvement Fund	712	Park, Recreation and Wildlife Enhancement Bond Fund
737	Clean Water and Water Conservation Fund	721	Parkland Fund of 1980
764	Clean Water and Water Reclamation Fund of 1988	722	Parkland Fund of 1984
734	Clean Water Fund	724	Prison Construction Fund of 1984
740	Clean Water Bond Fund of 1984	746	Prison Construction Fund of 1986
716	Community Parklands Fund	747	Prison Construction Fund of 1988
796	County Correctional Facility Capital Expenditure and Youth Facility Bond Fund of 1988	760	Prison Construction Fund, November 1990
711	County Correctional Facility Capital Expenditure Fund of 1986	751	Prison Construction Bond Fund of 1990
725	County Jail Capital Expenditure Fund, Bond Act of 1981	728	Recreation and Fish and Wildlife Enhancement Fund
727	County Jail Capital Expenditure Fund, Bond Act of 1984	749	Refunding Escrow Fund
768	Earthquake Safety Public Building Rehabilitation Fund of 1990	700	Resources Bond Act of 1990
772	Emergency Correctional Facility Bond	789	School Facilities June 1988 Bond Account, State School Building Lease-Purchase Fund
748	Fish and Wildlife Habitat Enhancement Fund	774	School Facilities June 1990 Bond Account, State School Building Lease-Purchase Fund
755	Flood Control Bond Fund	776	School Facilities November 1988 Bond Account, State School Building Lease-Purchase Fund
701	Flood Control Bond Act of 1990	729	Senior Center Bond Act Fund
754	Forestry and Wildlife Fire Protection Bond Fund	715	SSC Development Fund
710	Hazardous Substance Cleanup Fund	732	State Beach, Park, Recreational and Historical Facilities Fund of 1964
718	Health Science Facilities Construction Program Fund	733	State Beach, Park, Recreational and Historical Facilities Fund of 1974
782	Higher Education Capital Outlay Bond Fund	730	State Coastal Conservancy Fund of 1984
792	Higher Education Capital Outlay Bond Fund, November 1990	736	State Construction Program Fund
785	Higher Education Capital Outlay Bond Fund of 1988	743	Bond Proceeds Account, State School Building Lease-Purchase Fund
791	Higher Education Capital Outlay Bond Fund of 1990	742	State, Urban and Coastal Park Fund
		744	Water Conservation Water Quality Bond Fund of 1986
		790	Water Conservation Fund of 1988
		787	Wildlife and Natural Areas Conservation Fund (subfund of 786)





**Schedule 1**  
**GENERAL BUDGET SUMMARY <sup>a</sup>**  
**(In thousands)**

<i>1989-90<sup>b</sup></i>	<i>Reference to Schedule</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Budget Expenditure Totals</i>	<i>Selected Bond Fund Expenditures</i>	<i>Expenditure Totals Including Bonds</i>
Prior year resources available.....	10	\$1,251,782 <sup>h</sup>	\$1,400,268			
Revenues and transfers.....	8	38,749,531	7,703,085			
Expenditures.....	9	39,455,870 <sup>h</sup>	7,872,448	\$47,328,318	\$1,265,897	\$48,594,215
Fund Balance <sup>g</sup> .....	7	\$545,443	\$1,230,905			
<i>Reserve for Proposition 98 (Unspent Appropriations for 1988-89) <sup>c</sup>.....</i>		21,644	—			
<i>Reserve for Proposition 98 (Unspent Appropriations for 1989-90) <sup>c</sup>.....</i>		132,289	—			
<i>Special Fund for Economic Uncertainties <sup>c</sup>.....</i>		41,160	—			
<i>Reserves for Economic Uncertainties <sup>c</sup>.....</i>		—	1,230,905			
<i>Reserve for Liquidation of Encumbrances <sup>f</sup>.....</i>		350,350	—			
<i>1990-91</i>						
Prior year resources available.....	7	\$545,443	\$1,230,905			
Revenues and transfers .....	8	40,438,389	8,955,544			
Expenditures .....	9	41,720,632	8,886,205	\$50,606,837	\$3,826,958	\$54,433,795
Fund Balance <sup>g</sup> .....	10	—\$736,800	\$1,300,244			
<i>Reserve for Proposition 98 (Unspent Appropriations for 1989-90) <sup>c</sup>.....</i>		78,493	—			
<i>Special Fund for Economic Uncertainties <sup>c</sup>.....</i>		—1,165,643	—			
<i>Reserves for Economic Uncertainties <sup>c</sup>.....</i>		—	1,300,244			
<i>Reserve for Liquidation of Encumbrances <sup>f</sup>.....</i>		350,350	—			
<i>1991-92</i>						
Prior year resources available.....	10	—\$736,800	\$1,300,244			
Revenues and transfers .....	8	45,770,944	11,326,446			
Expenditures .....	9	43,282,362	10,823,828	\$54,106,190	\$1,600,270	\$55,706,460
Fund Balance <sup>g</sup> .....	10	\$1,751,782	\$1,802,862			
<i>Reserve for Education (K-14) <sup>d</sup>.....</i>		(110,000)	—			
<i>Special Fund for Economic Uncertainties <sup>c</sup>.....</i>		1,401,432	—			
<i>Reserves for Economic Uncertainties <sup>c</sup>.....</i>		—	1,802,862			
<i>Reserve for Liquidation of Encumbrances <sup>f</sup>.....</i>		350,350	—			

<sup>a</sup> The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of State government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.

<sup>b</sup> Due to lack of time for complete reconciliation to the State Controller's preliminary fiscal data for their annual report, the amounts reflected in the 1989-90 fiscal year do not agree with the data which will be included in the State Controller's Annual Report. See Schedule 7 which follows for a reconciliation of the Fund Balance as of June 30, 1990 between the State Controller's Preliminary Annual Report and the amount reported in this Schedule.

<sup>c</sup> The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties provide sources of funds to meet State General Fund and Special Funds obligations in the event of a decline in revenues or an unanticipated increase in expenditures.

<sup>d</sup> The Reserve for Education (K-14) represents a contingency amount included in expenditures to meet the State's obligation to conform to Article XVI, Section 8 of the State Constitution (Proposition 98) passed by the electorate in November 1988.

<sup>e</sup> The Reserve for Proposition 98 (Unspent Appropriations) represents the amounts which were not spent from appropriations available during the 1988-89 fiscal year to meet the State's obligation to conform to Proposition 98.

<sup>f</sup> The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received. This Reserve treatment is consistent with accounting methodology recommended by Generally Accepted Accounting Principles (GAAP) and Chapter 1286, Statutes of 1984 (AB 3372) which requires the State to conform its fiscal management system to GAAP.

<sup>g</sup> The Fund Balance for the General Fund includes amounts for unencumbered balances of continuing appropriations at the end of the 1989-90, 1990-91 and 1991-92 fiscal years of \$153,326, \$10,688 and \$9,172 (in thousands) respectively.

## Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in two parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Schedule 2, in either part, does not include reimbursements received from the public or other levels of government, as these are deducted from State expenditures.

### Total State Spending Plan—Part A Governmental Cost, Selected Bond Funds and Federal Funds

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds which are commonly referred to as "governmental cost funds." This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

<i>Funds</i>	<i>1989-90*</i>	<i>1990-91*</i>	<i>1991-92*</i>
Governmental Cost Funds:			
General Fund .....	\$39,455,870	\$41,720,632	\$43,282,362
Special Funds .....	7,872,449	8,886,204	10,823,829
Totals, Governmental Cost Funds.....	\$47,328,319	\$50,606,836	\$54,106,191
Selected Bond Funds.....	1,265,897	3,826,958	1,600,270
Totals, Governmental Cost Funds and Selected Bond Funds.....	\$48,594,216	\$54,433,794	\$55,706,461
Federal Funds .....	18,658,467	21,540,546	22,316,686
TOTALS .....	\$67,252,683	\$75,974,340	\$78,023,147

### Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees or other state revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

#### PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.

It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

#### WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.



## BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

## RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

## OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

<i>Funds</i>	<i>1989-90*</i> <i>Amount</i>	<i>1990-91*</i> <i>Amount</i>	<i>1991-92*</i> <i>Amount</i>
<b>PUBLIC SERVICE ENTERPRISE FUNDS:</b>			
Water Resources Development Bond Fund .....	\$275,053	\$277,869	\$270,789
Central Valley Water Project Const Fund .....	137,582	166,902	176,191
Central Valley Water Project Revenue Fund .....	212,279	268,564	317,366
Compensation Insurance Fund .....	1,885,690	1,990,001	2,180,000
Harbors and Watercraft Revolving Fund .....	35,993	43,665	60,112
Univ Continuing Education Revenue Ed, St .....	54,604	54,911	54,250
Unemployment Compensation Disability Fund .....	1,729,851	2,094,491	2,516,839
Veterans Farm & Home Building Fund 1943 .....	1,011,122	1,187,096	1,270,511
OTHERS .....	305,480	344,846	197,989
<b>* TOTALS, PUBLIC SERVICE ENTERPRISE FUNDS .....</b>	<b>\$5,647,654</b>	<b>\$6,428,345</b>	<b>\$7,044,047</b>
<b>WORKING CAPITAL AND REVOLVING FUNDS:</b>			
Architecture Revolving Fund .....	16,740	21,205	25,702
Health and Welfare Agency Data Cent Rev Fund .....	52,208	70,338	68,300
Service Revolving Fund .....	319,344	366,492	391,947
Stephen P. Teale Data Center Rev Fund .....	69,387	86,310	87,253
OTHERS .....	234,716	808,013	977,323
<b>* TOTALS, WORKING CAPITAL AND REVOLVING FUNDS .....</b>	<b>\$692,395</b>	<b>\$1,352,358</b>	<b>\$1,550,525</b>
<b>BOND FUNDS—OTHER:</b>			
School Building Aid Fund, State .....	79,492	69,494	71,849
OTHERS .....	80	173	181
<b>* TOTALS, BOND FUNDS—OTHER .....</b>	<b>\$79,572</b>	<b>\$69,667</b>	<b>\$72,030</b>
<b>RETIREMENT FUNDS:</b>			
Judges' Retirement Fund .....	48,548	55,451	63,293
Legislators' Retirement Fund .....	4,274	4,682	5,137
Public Employees' Retirement Fund .....	2,225,053	2,447,832	2,746,589
Teachers' Retirement Fund .....	1,664,519	1,837,476	2,017,056
OTHERS .....	45	100	100
<b>* TOTALS, RETIREMENT FUNDS .....</b>	<b>\$3,942,439</b>	<b>\$4,345,541</b>	<b>\$4,832,175</b>
<b>OTHER NONGOVERNMENTAL COST FUNDS:</b>			
Transportation Revolving Account, STF .....	—	1	—
University Funds—Unclassified .....	2,740,741	3,157,666	3,394,978
OTHERS .....	8,105,206	8,222,064	8,736,342
<b>* TOTAL OTHER NONGOVERNMENTAL COST FUNDS .....</b>	<b>\$10,845,947</b>	<b>\$11,379,731</b>	<b>\$12,131,320</b>
<b>TOTAL .....</b>	<b>\$21,208,007</b>	<b>\$23,575,642</b>	<b>\$25,630,097</b>

\* Dollars in thousands

## IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Implementation of Chapter 1286, Statutes of 1984, requires the state to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators and other readers are consistent from year to year, as well as comparable between governmental entities.

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for activities and transactions of state and local governmental entities. The State of California currently is a dues-paying member of the GASB organization and provides input for the various issues being studied by GASB.

An effort is currently underway within the Department of Finance to ensure that the budget and financial statements of the state are more understandable and are presented in a fair and consistent manner through the application of Generally Accepted Accounting Principles.

The Department of Finance has taken the following actions to implement GAAP:

1. A work group was established to review the changes required by GAAP and to establish priorities and task assignments.
2. In 1986-87, the Governor's Budget and Budget Act changed the classification of student fees in the California State University System to revenue rather than reimbursements.
3. In 1986-87, the Governor's Budget and Budget Act changed the classification of State Hospital Medical Care receipts to reimbursements rather than revenue.
4. In 1987-88, the Governor's Budget displayed the interest and redemption costs of general obligation bonds in the relevant program area for each bond.
5. The Financial and Performance Audits Unit (FPA) of the Department of Finance has done work on rewriting the sections of the State Administrative Manual covering proprietary funds to bring them into conformance with GAAP.
6. The "Fund Manual" for California has been rewritten to bring it into conformance with GAAP.
7. The 1989-90 Governor's Budget provided for the treatment of General Fund encumbrances as a reservation of fund balance rather than expenditures. This treatment is consistent with the GAAP standard that encumbrances are obligations for which goods and services have not been received and which therefor should not be shown as expenditures.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications.

Schedule 3B uses 1991-92 budget totals to show California's current fund structure compared to recommended GAAP classifications.

### SCHEDULE 3A TOTAL STATE SPENDING PLAN BY GAAP FUND CLASSIFICATION (In Thousands)

<i>GAAP Fund Structure</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
<b>Governmental Funds</b>			
General Fund .....	\$39,455,870	\$41,720,632	\$43,282,362
Special Revenue Funds.....	17,398,492	20,352,202	21,793,067
Capital Project Funds .....	1,052,766	3,137,507	963,096
<b>Total Governmental Funds.....</b>	<b>\$57,907,128</b>	<b>\$65,210,341</b>	<b>\$66,038,525</b>
<b>Proprietary Funds</b>			
Enterprise Funds.....	\$4,063,102	\$5,065,670	\$5,471,533
Internal Service Funds .....	460,303	538,708	568,045
<b>Total Proprietary Funds.....</b>	<b>\$4,523,405</b>	<b>\$5,604,378</b>	<b>\$6,039,578</b>
<b>Fiduciary Funds</b>			
Retirement Funds.....	\$3,942,393	\$4,345,442	\$4,832,075
Trust and Agency Funds—Other .....	6,539,610	7,571,587	9,037,102
Trust and Agency Funds—Federal .....	2,694,959	3,254,828	3,189,485
<b>Total Fiduciary Funds.....</b>	<b>\$13,176,962</b>	<b>\$15,171,857</b>	<b>\$17,058,662</b>
<b>Funds Outside State Treasury</b>			
Other.....	\$12,853,198	\$13,563,411	\$14,516,478
<b>TOTAL SPENDING, ALL FUNDS .....</b>	<b>\$88,460,693</b>	<b>\$99,549,987</b>	<b>\$103,653,243</b>



**SCHEDULE 3B**  
**COMPARISON OF CALIFORNIA CURRENT**  
**FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE**  
**USING 1991-92 BUDGET TOTALS**  
**(In Thousands)**

*FUND STRUCTURE BASED ON GAAP CLASSIFICATIONS*

	<i>Governmental Funds</i>				<i>Proprietary Funds</i>		<i>Fiduciary Funds</i>		<i>Funds Outside State Treasury</i>	<i>Totals</i>
	<i>General Fund</i>	<i>Special Revenue Funds</i>	<i>Capital Projects Funds</i>	<i>Total Governmental Funds</i>	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Retirement Funds</i>	<i>Trust and Agency Funds</i>		
<b>CURRENT FUND STRUCTURE</b>										
<b>Governmental Cost Funds</b>										
General Fund .....	\$43,282,362	—	—	\$43,282,362	—	—	—	—	—	\$43,282,362
General Fund Special Accounts .....	—	\$1,052,232	—	1,052,232	\$47,871	\$14,383	—	\$31,771	—	1,146,257
Transportation Funds .....	—	3,314,326	—	3,314,326	—	—	—	4,324,245	—	7,638,571
Feeder Funds .....	—	—	—	—	—	—	—	63,000	—	63,000
Other Governmental Cost Funds .....	—	1,941,912	\$1,550	1,943,462	—	—	—	32,539	—	1,976,001
Total Governmental Cost Funds .....	\$43,282,362	\$6,308,470	\$1,550	\$49,592,382	\$47,871	\$14,383	—	\$4,451,555	—	\$54,106,191
Selected Bond Funds .....	—	—	932,589	932,589	—	—	—	667,681	—	1,600,270
Total Governmental Cost Funds and Selected Bond Funds .....	\$43,282,362	\$6,308,470	\$934,139	\$50,524,971	\$47,871	\$14,383	—	\$5,119,236	—	\$55,706,461
<b>Nongovernmental Cost Funds</b>										
Public Service Enterprise Funds .....	—	—	\$3,074	\$3,074	\$4,429,047	—	—	\$2,611,926	—	\$7,044,047
Working Capital and Revolving Funds .....	—	\$12,551	25,702	38,253	957,523	\$553,662	—	1,087	—	1,550,525
Bond Funds—Other .....	—	—	181	181	—	—	—	71,849	—	72,030
Trust and Agency Funds:										
Retirement Funds .....	—	—	—	—	—	—	\$4,832,075	100	—	4,832,175
Trust and Agency Funds—Federal .....	—	15,464,555	—	15,464,555	—	—	—	3,189,485	\$3,662,646	22,316,686
Trust and Agency Funds—Other .....	—	7,491	—	7,491	37,092	—	—	1,232,904	—	1,277,487
Other Nongovernmental Cost Funds .....	—	—	—	—	—	—	—	—	10,853,832	10,853,832
Total Nongovernmental Cost Funds .....	—	\$15,484,597	\$28,957	\$15,513,554	\$5,423,662	\$553,662	\$4,832,075	\$7,107,351	\$14,516,478	\$47,946,782
<b>TOTAL SPENDING, ALL FUNDS</b> .....	\$43,282,362	\$21,793,067	\$963,096	\$66,038,525	\$5,471,533	\$568,045	\$4,832,075	\$12,226,587	\$14,516,478	\$103,653,243

**SCHEDULE 4A**  
**PERSONNEL YEARS AND SALARY COST ESTIMATES**  
*(Excludes Staff Benefits)*  
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
Legislative/Judicial/Executive						
Legislative.....	503.4	552.5	553.5	\$21,902	\$26,062	\$26,600
Judicial.....	942.0	1,009.3	1,057.3	53,035	57,435	62,194
Executive.....	9,387.7	9,911.5	10,105.0	342,508	376,612	395,965
State and Consumer Services.....	13,149.6	14,150.5	14,374.1	417,239	466,381	490,842
Business, Transportation and						
Housing.....	36,622.0	39,079.5	40,939.4	1,352,926	1,488,941	1,608,583
Resources.....	15,300.5	16,303.9	16,675.3	575,284	635,312	668,903
Health and Welfare.....	38,297.3	41,522.6	41,599.1	1,294,629	1,433,989	1,488,458
Youth and Adult Correctional						
Agency.....	29,566.2	33,682.7	37,299.1	1,231,045	1,405,446	1,633,949
Education						
Education.....	2,595.6	2,786.5	2,768.4	91,928	101,215	103,919
Higher Education.....	96,136.6	95,988.2	97,269.9	3,875,661	4,196,272	4,326,851
Unallocated Salary Increase.....	—	—	—	—	445	—
General Government						
General Administration.....	12,088.5	13,646.4	14,072.5	410,548	472,858	507,783
Unallocated Salary Increase—						
Other.....	—	—	—	—	15,958	108,500
<b>NET TOTALS, SALARIES</b>						
<b>  AND WAGES.....</b>	<b>254,589.4</b>	<b>268,633.6</b>	<b>276,713.6</b>	<b>\$9,666,705</b>	<b>\$10,676,926</b>	<b>\$11,422,547</b>
<i>Position Classification</i>						
Constitutional Officers.....	125.0	126.0	127.0	\$6,354	\$7,492	\$7,492
Statutory.....	257.7	275.0	275.0	23,290	26,298	25,930
Civil Service.....	156,478.3	170,511.3	177,324.2	5,673,643	6,333,169	6,856,713
Exempt						
Various Departments.....	2,176.1	2,441.7	2,474.4	109,254	123,986	126,704
Higher Education						
University of California.....	58,701.0	58,498.0	58,783.0	2,444,282	2,633,863	2,681,158
State University.....	36,629.6	36,563.9	37,507.8	1,399,822	1,524,126	1,603,866
Hastings College of Law.....	221.7	217.7	222.2	10,060	11,589	12,184
Unallocated Salary Increase...	—	—	—	—	445	—
Unallocated Salary Increase—						
Other.....	—	—	—	—	15,958	108,500
<b>NET TOTALS, SALARIES</b>						
<b>  AND WAGES.....</b>	<b>254,589.4</b>	<b>268,633.6</b>	<b>276,713.6</b>	<b>\$9,666,705</b>	<b>\$10,676,926</b>	<b>\$11,422,547</b>



**SCHEDULE 4B**  
**POSITIONS AND SALARY COST ESTIMATES**  
*(Excludes Staff Benefits)*  
(dollars in thousands)

<i>Function</i>	<i>Positions</i>			<i>Dollars</i>		
	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>
Legislative/Judicial/Executive						
Legislative .....	503.4	553.5	554.5	\$21,902	\$26,430	\$26,968
Judicial .....	942.0	1,069.2	1,093.4	53,035	60,429	64,001
Executive .....	9,387.7	10,727.3	10,897.7	342,508	406,597	428,376
State and Consumer Services .....	13,149.6	14,933.9	15,164.1	417,239	493,985	522,288
Business, Transportation and						
Housing .....	36,622.0	41,097.6	43,101.4	1,352,926	1,569,038	1,699,654
Resources .....	15,300.5	17,142.0	17,571.5	575,284	665,936	703,767
Health and Welfare .....	38,297.3	44,281.8	44,710.0	1,294,629	1,521,490	1,602,000
Youth and Adult Correctional						
Agency .....	29,566.2	35,435.3	39,094.5	1,231,045	1,464,652	1,694,364
Education						
Education .....	2,595.6	2,926.5	2,919.8	91,928	108,652	111,607
Higher Education .....	96,136.6	98,173.7	99,479.1	3,875,661	4,282,976	4,430,069
Unallocated Salary Increase .....	-	-	-	-	445	-
General Government						
General Administration .....	12,088.5	14,206.6	14,655.0	410,548	493,673	531,946
Unallocated Salary Increase-Other	-	-	-	-	15,958	108,500
<b>TOTALS, SALARIES AND</b>						
<b>WAGES</b> <sup>1</sup> .....	254,589.4	280,547.4	289,241.0	\$9,666,705	\$11,110,261	\$11,923,540
<b>Less Salary Savings</b> .....	-	-11,913.8	-12,527.4	-	-433,335	-500,993
<b>NET TOTALS, SALARIES</b>						
<b>AND WAGES</b> .....	254,589.4	268,633.6	276,713.6	\$9,666,705	\$10,676,926	\$11,422,547

<sup>1</sup> As shown in departmental budgets as "Totals, Salaries and Wages."

**SCHEDULE 5**  
**SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

Year	Population <sup>1</sup> (Thousands)	Employees	Employees Per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund	Total	General Fund <sup>2</sup>	Total <sup>3</sup>	General Fund <sup>2</sup>	Total <sup>3</sup>	General Fund <sup>2</sup>	Total <sup>3</sup>
					(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)
1950-51.....	10,643	61,000	5.7	\$19.8	\$672	\$994	\$587	\$1,006	\$55.15	\$94.52	\$2.96	\$5.08
1951-52.....	11,130	63,860	5.7	22.8	734	1,086	635	1,068	57.05	95.96	2.79	4.68
1952-53.....	11,638	65,720	5.6	25.4	774	1,151	714	1,177	61.35	101.13	2.81	4.63
1953-54.....	12,101	69,928	5.8	27.2	798	1,271	809	1,381	66.85	114.12	2.97	5.08
1954-55.....	12,517	74,099	5.9	28.1	879	1,434	852	1,422	68.07	113.61	3.03	5.06
1955-56.....	13,004	77,676	6.0	30.9	1,005	1,578	923	1,533	70.98	117.89	2.99	4.96
1956-57.....	13,581	88,299	6.5	33.8	1,079	1,834	1,030	1,732	75.84	127.53	3.05	5.12
1957-58.....	14,177	98,015	6.9	36.4	1,111	1,751	1,147	1,891	80.91	133.39	3.15	5.20
1958-59.....	14,741	101,982	6.9	38.1	1,210	1,925	1,246	1,932	84.53	131.06	3.27	5.07
1959-60.....	15,288	108,423	7.1	41.8	1,491	2,198	1,435	2,086	93.86	136.45	3.43	4.99
1960-61.....	15,863	115,737	7.3	44.2	1,598	2,338	1,678	2,525	105.78	159.18	3.80	5.71
1961-62.....	16,412	122,339	7.5	46.9	1,728	2,451	1,697	2,406	103.40	146.60	3.62	5.13
1962-63.....	16,951	128,981	7.6	50.6	1,866	2,668	1,881	2,703	110.97	159.46	3.72	5.34
1963-64.....	17,530	134,721	7.7	54.1	2,137	3,057	2,064	3,182	117.74	181.52	3.82	5.88
1964-65.....	18,026	143,896	8.0	58.7	2,245	3,295	2,345	3,652	130.09	202.60	3.99	6.22
1965-66.....	18,464	151,199	8.2	62.8	2,509	3,581	2,580	4,059	139.73	219.83	4.11	6.46
1966-67.....	18,831	158,404	8.4	68.3	2,895	4,073	3,017	4,659	160.21	247.41	4.42	6.82
1967-68.....	19,175	162,677	8.5	73.6	3,682	4,927	3,273	5,014	170.69	261.49	4.45	6.81
1968-69.....	19,432	171,655	8.8	80.6	4,136	5,450	3,909	5,673	201.16	291.94	4.85	7.04
1969-70.....	19,745	179,583	9.1	88.4	4,330	5,743	4,456	6,302	225.68	319.17	5.04	7.13
1970-71.....	20,039	181,581	9.1	95.0	4,534	5,919	4,854	6,556	242.23	327.16	5.11	6.90
1971-72.....	20,346	181,912	8.9	100.9	5,395	6,897	5,027	6,684	247.08	328.52	4.98	6.62
1972-73.....	20,585	188,460	9.2	110.3	5,780	7,366	5,616	7,422	272.82	360.55	5.09	6.73
1973-74.....	20,869	192,918	9.2	121.8	6,978	8,715	7,299	9,311	349.75	446.16	5.99	7.64
1974-75.....	21,174	203,548	9.6	136.2	8,630	10,405	8,349	10,276	394.30	485.31	6.13	7.54
1975-76.....	21,538	206,361	9.6	149.7	9,639	11,567	9,518	11,452	441.92	531.71	6.36	7.65
1976-77.....	21,936	213,795	9.7	167.7	11,381	13,463	10,467	12,632	477.16	575.86	6.24	7.53
1977-78.....	22,352	221,251	9.9	187.1	13,695	15,962	11,686	14,003	522.82	626.48	6.25	7.48
1978-79.....	22,836	218,530	9.6	214.9	15,219	17,711	16,251	18,745	711.64	820.85	7.56	8.72
1979-80.....	23,257	220,193	9.5	244.8	17,985	20,919	18,534	21,488	796.92	923.94	7.57	8.78
1980-81.....	23,780	225,567	9.5	276.1	19,023	22,104	21,105	24,511	887.51	1,030.74	7.64	8.88
1981-82.....	24,267	228,813	9.4	308.7	20,960	23,601	21,693	25,022	893.93	1,031.11	7.03	8.11
1982-83.....	24,786	228,489	9.2	328.0	21,233	24,291	21,751	25,330	877.55	1,021.95	6.63	7.72
1983-84.....	25,309	226,695	9.0	352.4	23,809	27,626	22,869	26,797	903.59	1,058.79	6.49	7.60
1984-85.....	25,780	229,845	8.9	389.2	26,536	31,570	25,722	30,961	997.75	1,200.97	6.61	7.96
1985-86.....	26,358	229,641	8.7	422.6	28,072	33,558	28,841	34,977	1,094.20	1,327.00	6.82	8.28
1986-87.....	26,999	232,927	8.6	453.1	32,519	37,767	31,469	38,079	1,165.56	1,410.39	6.95	8.40
1987-88.....	27,655	237,761	8.6	490.8	32,534	38,773	33,021	40,452	1,194.03	1,462.74	6.73	8.24
1988-89.....	28,323	248,173	8.8	535.7	36,953	43,322	35,897	44,634	1,267.42	1,575.89	6.70	8.33
1989-90.....	29,063	254,589	8.8	579.2	38,750	46,453	39,456	48,594	1,357.60	1,672.02	6.81	8.39

<sup>1</sup> Population as of July 1, the beginning of the fiscal year.

<sup>2</sup> Includes Special Accounts in General Fund from 1973-74 to 1976-77.

<sup>3</sup> Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.



**Schedule 6**  
**GENERAL FUND**  
**ANALYSIS OF CHANGE IN RESERVES AS OF JUNE 30, 1991**  
**FROM THE PREVIOUS GOVERNOR'S BUDGET**  
**(In Thousands)**

<i>DETAIL OF CHANGES</i> <i>1989-90 Fiscal Year</i> <i>(From previous Governor's Budget to the current Governor's Budget)</i>	<i>1990-91</i> <i>Governor's</i> <i>Budget</i> <i>(previous</i> <i>estimate)</i>	<i>1991-92</i> <i>Governor's</i> <i>Budget</i> <i>(revised</i> <i>estimate)</i>	<i>Effect of</i> <i>Changes</i> <i>on</i> <i>Reserves</i>
Prior year resources available.....	\$1,109,159	\$1,251,782	\$142,623
Revenues and Transfers:			
Revenues.....	39,279,939	38,272,039	-1,007,900
Transfers and Loans.....	495,416	477,492	-17,924
Totals, Revenues and Transfers .....	\$39,775,355	\$38,749,531	-\$1,025,824
Expenditures:			
State Operations.....	\$10,039,374	\$9,614,318	\$425,056
Capital Outlay.....	200	13,000	-12,800
Local Assistance .....	30,079,465	29,807,299	272,166
Unclassified.....	-49,117	21,253	-70,370
Totals, Expenditures.....	\$40,069,922	\$39,455,870	\$614,052
<i>1990-91 Fiscal Year</i>			
<i>(From previous Governor's Budget to the current Governor's Budget)</i>			
Revenues and Transfers:			
Revenues.....	\$42,825,013	\$39,848,477	-\$2,976,536
Transfers and Loans.....	277,179	589,912	312,733
Totals, Revenues and Transfers .....	\$43,102,192	\$40,438,389	-\$2,663,803
Expenditures:			
State Operations.....	\$10,929,055	\$10,303,099	\$625,956
Capital Outlay.....	2,355	2,600	-245
Local Assistance .....	31,681,326	31,414,594	266,732
Unclassified.....	-	339	339
Totals, Expenditures.....	\$42,612,736	\$41,720,632	\$892,104
Total Effect of Changes on Reserves .....			-\$2,040,848
 <i>TOTAL CHANGES</i>			
Changes in Reserves:			
Special Fund for Economic Uncertainties including Disaster Response-			
Emergency Operations Account .....	\$1,001,371	-\$1,165,643	-\$2,167,014
Reserve for Proposition 98 (unspent Appropriations) .....	23,677	78,493	54,816
Reserve for Encumbrances .....	279,000	350,350	71,350
Total Reserves, June 30, 1991.....	\$1,304,048	-\$736,800	-\$2,040,848

**Schedule 7**  
**GENERAL FUND**  
**(in thousands)**

**STATEMENT OF FINANCIAL CONDITION**

**June 30, 1990**

		<i>General Fund Balances</i>	<i>General Fund Balances</i>
<b>ASSETS</b>			<b>LIABILITIES</b>
Cash in State Treasury and agency accounts.....	\$133,199	Accounts payable.....	\$517,165
Receivables.....	96,404	Due to other funds.....	834,075
Due from other funds.....	2,219,933	Due to other governments.....	624,815
Due from other governments.....	30,042	Accrued interest payable.....	106,205
Advances to other funds.....	4,205	Advance collections.....	38,672
Prepaid expenses.....	173,781	Deposits.....	19
Other assets.....	885	Other liabilities.....	45,482
<b>TOTAL OPERATING ASSETS</b> .....	<u>\$2,658,449</u>	<b>Total Liabilities.....</b>	<u>\$2,166,433</u>
		<b>FUND BALANCE</b>	
		Reserved for Encumbrances.....	\$350,351
		Designated for Unencumbered Balances of Continuing Appropriations.....	\$113,260
		Special Fund for Economic Uncertainties.....	-
		Reserved for Article XVI, Section 8 of the State Constitution (Proposition 98).....	80,865
		Unreserved-Undesignated	
		Available for Appropriation.....	(52,460)
		<b>TOTAL FUND BALANCE</b> .....	<u>492,016<sup>1</sup></u>
		<b>TOTAL LIABILITIES AND FUND BALANCE</b> .....	<u>\$2,658,449</u>

**LONG-TERM OBLIGATIONS**

General obligation bonds.....	\$10,231,950
Less: self-liquidating bonds.....	4,807,790
Net general bonded debt.....	<u>\$5,424,160</u>
Interest payable in future years.....	3,233,228
Net Total Long-Term Obligations.....	<u>\$8,657,388</u>

<sup>1</sup> The total fund balance of \$492,016 shown in this Statement of Financial Condition prepared by the State Controller differs from the Fund Balance of \$545,443 shown in the Schedule 1 (General Budget Summary) because of adjustments identified after the issuance of the State Controller's Preliminary Annual Report. The adjustments are summarized in the following table.

Controllers Preliminary Report.....	\$492,016
Expenditure adjustments.....	+ 20,391
Revenue adjustments.....	+ 5,575
Transfer adjustments.....	+ 27,461
Adjusted Fund Balance per Schedule 1.....	<u>\$545,443</u>



## Schedule 8

**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1989-90, 1990-91, AND 1991-92**  
(dollars in thousands)

Sources	Actual 1989-90			Estimated 1990-91			Estimated 1991-92		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>MAJOR TAXES AND LICENSES</b>									
Excise Tax on Beer and Wine .....	30,996	—	30,996	32,000	—	32,000	34,000	127,000	161,000
Excise Tax on Distilled Spirits .....	97,527	—	97,527	95,000	—	95,000	101,000	63,000	164,000
Bank and Corporation (Income) Taxes .....	4,927,147	37,695	4,964,842	5,370,000	25,000	5,395,000	5,535,000	25,000	5,560,000
Cigarette Tax .....	152,857	634,219	787,076	147,300	609,000	756,300	158,000	644,100	802,100
Horse Racing Revenues .....	107,266	29,446	136,712	111,000	31,182	142,182	113,000	31,820	144,820
Inheritance Tax .....	388,527	—	388,527	442,000	—	442,000	487,000	—	487,000
Insurance Gross Premiums Tax .....	1,167,684	—	1,167,684	1,270,000	—	1,270,000	1,325,000	—	1,325,000
Trailer Coach License (In-Lieu) Fees .....	—	28,200	28,200	—	28,000	28,000	—	28,000	28,000
Motor Vehicle License (In-Lieu) Fees .....	—	2,111,744	2,111,744	—	2,234,000	2,234,000	—	3,197,000	3,197,000
Motor Vehicle Fuel Tax (Gasoline) .....	—	1,189,925	1,189,925	—	1,763,931	1,763,931	—	2,213,321	2,213,321
Motor Vehicle Fuel Tax (Diesel) .....	—	159,077	159,077	—	253,908	253,908	—	323,564	323,564
Motor Vehicle Registration .....	—	1,162,200	1,162,200	—	1,362,480	1,362,480	—	1,504,780	1,504,780
Personal Income Tax .....	16,902,471	1,183	16,903,654	17,620,000	6,500	17,626,500	19,334,000	3,006	19,337,006
PIT revenue adjustment for economic recovery .....	—	—	—	—	—	—	700,000	—	700,000
Retail Sales and Use Taxes .....	13,473,361	444,451	13,917,812	13,830,000	536,700	14,366,700	16,280,000	182,800	16,462,800
Sales revenue adjustment for economic recovery .....	—	—	—	—	—	—	500,000	—	500,000
<b>TOTALS, MAJOR TAXES AND LICENSES .....</b>	<b>37,247,836</b>	<b>5,798,140</b>	<b>43,045,976</b>	<b>38,917,300</b>	<b>6,850,701</b>	<b>45,768,001</b>	<b>44,567,000</b>	<b>8,343,391</b>	<b>52,910,391</b>
<b>MINOR REVENUES</b>									
<b>REGULATORY TAXES AND LICENSES</b>									
General Fish and Game Taxes .....	—	1,880	1,880	—	2,040	2,040	—	2,084	2,084
Electrical Energy Tax .....	—	39,332	39,332	—	40,203	40,203	—	41,087	41,087
Quarterly Public Util Commission Fees .....	—	57,968	57,968	—	58,184	58,184	—	69,434	69,434
Liquor License Fees .....	32,125	—	32,125	32,382	—	32,382	32,472	360	32,832
Genetic Disease Testing Fees .....	—	24,354	24,354	—	30,117	30,117	—	36,455	36,455
Other Regulatory Taxes .....	8,392	69,332	77,724	9,284	56,870	66,154	9,437	55,988	65,425
General Fish and Game Lic Tags Permits .....	—	55,295	55,295	—	57,902	57,902	—	59,050	59,050
Other Regulatory Licenses and Permits .....	37,162	134,567	171,729	50,830	150,165	200,995	45,254	168,339	213,593
Universal Telephone Service Tax .....	-784	—	784	—	—	—	—	—	—
Other .....	24,393	525,299	549,692	25,053	775,426	800,479	33,188	1,008,433	1,041,621
<b>TOTALS .....</b>	<b>101,288</b>	<b>908,027</b>	<b>1,009,315</b>	<b>117,549</b>	<b>1,170,907</b>	<b>1,288,456</b>	<b>120,351</b>	<b>1,441,230</b>	<b>1,561,581</b>
<b>REVENUE FROM LOCAL AGENCIES</b>									
County Costs-Mentally Ill Patients .....	28,475	—	28,475	29,000	—	29,000	30,000	—	30,000
Architecture Public Building Fees .....	—	26,649	26,649	—	36,154	36,154	—	37,234	37,234
Penalties on Traffic Violations .....	—	126,976	126,976	—	129,258	129,258	—	138,594	138,594
Other .....	19,072	54,745	73,817	17,970	62,420	80,390	18,079	65,960	84,039
<b>TOTALS .....</b>	<b>47,547</b>	<b>208,370</b>	<b>255,917</b>	<b>46,970</b>	<b>227,832</b>	<b>274,802</b>	<b>48,079</b>	<b>241,788</b>	<b>289,867</b>
<b>SERVICES TO THE PUBLIC</b>									
Pay Patients Board Charges .....	30,845	—	30,845	28,200	—	28,200	30,167	—	30,167
State Beach and Park Service Fees .....	—	38,462	38,462	—	55,240	55,240	—	60,850	60,850
Emergency Telephone Users Surcharge .....	—	52,099	52,099	—	67,988	67,988	—	73,099	73,099
Receipts From Health Care Deposit Fund .....	9,224	—	9,224	18,700	—	18,700	44,142	—	44,142

## Schedule 8

**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

Sources	Actual 1989-90			Estimated 1990-91			Estimated 1991-92		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
California State University Fees .....	—	327,219	327,219	—	357,663	357,663	—	419,483	419,483
Personalized License Plates .....	—	30,470	30,470	—	31,812	31,812	—	32,766	32,766
Other .....	25,552	67,731	93,283	28,416	81,096	109,512	31,087	86,436	117,523
<b>TOTALS .....</b>	<b>65,621</b>	<b>515,981</b>	<b>581,602</b>	<b>75,316</b>	<b>593,799</b>	<b>669,115</b>	<b>105,396</b>	<b>672,634</b>	<b>778,030</b>
<b>USE OF PROPERTY AND MONEY</b>									
Income From Pooled Money Investments .....	417,038	886	417,924	345,000	1,106	346,106	365,000	6,104	371,104
Income From Surplus Money Investments .....	36,314	201,021	237,335	20,287	169,612	189,899	25,319	163,661	188,980
Federal Lands Royalties .....	—	26,634	26,634	—	33,690	33,690	—	33,690	33,690
Oil & Gas Lease-1% Revenue City/County .....	203	—	203	300	—	300	300	—	300
Rentals of State Property .....	6,107	35,060	41,167	5,234	38,730	43,964	5,309	39,047	44,356
State Land Royalties .....	60,237	84,212	144,449	67,093	169,557	236,650	13,392	148,858	162,250
Other .....	12,238	58,289	70,527	12,514	50,575	63,089	12,413	50,561	62,974
<b>TOTALS .....</b>	<b>532,137</b>	<b>406,102</b>	<b>938,239</b>	<b>450,428</b>	<b>463,270</b>	<b>913,698</b>	<b>421,733</b>	<b>441,921</b>	<b>863,654</b>
<b>MISCELLANEOUS</b>									
Penalties & Interest on UI & DI Contrib .....	—	57,596	57,596	—	59,121	59,121	—	63,214	63,214
Sale of Fixed Assets .....	3,854	53	3,907	2,016	—	2,016	1,736	—	1,736
Revenue-Abandoned Property .....	249,504	—	249,504	218,000	—	218,000	70,100	—	70,100
Miscellaneous Revenue .....	2,153	45,702	47,855	2,607	58,063	60,670	2,717	324,240	326,957
Penalties & Intrst on Personal Income Tx .....	—	21,036	21,036	—	20,754	20,754	—	22,176	22,176
Other Revenue - Cost Recoveries .....	—	2,932	2,932	—	1,600	1,600	77,800	2,000	79,800
Uninsured Motorist Fees .....	5,289	—	5,289	3,900	—	3,900	700	—	700
Parking Violations .....	1	—	1	1	—	1	1	—	1
Penalty Assessments .....	11,141	43,995	55,136	6,561	46,459	53,020	6,630	49,599	56,229
Apprenticeship Program Fees .....	—	—	—	1,400	—	1,400	3,900	—	3,900
Other .....	5,668	14,278	19,946	6,429	14,728	21,157	6,726	11,535	18,261
<b>TOTALS .....</b>	<b>277,610</b>	<b>185,592</b>	<b>463,202</b>	<b>240,914</b>	<b>200,725</b>	<b>441,639</b>	<b>170,310</b>	<b>472,764</b>	<b>643,074</b>
<b>TOTALS, MINOR REVENUES .....</b>	<b>1,024,203</b>	<b>2,224,072</b>	<b>3,248,275</b>	<b>931,177</b>	<b>2,656,533</b>	<b>3,587,710</b>	<b>865,869</b>	<b>3,270,337</b>	<b>4,136,206</b>
<b>TOTALS, REVENUES .....</b>	<b>38,272,039</b>	<b>8,022,212</b>	<b>46,294,251</b>	<b>39,848,477</b>	<b>9,507,234</b>	<b>49,355,711</b>	<b>45,432,869</b>	<b>11,613,728</b>	<b>57,046,597</b>
<b>TRANSFERS &amp; LOANS</b>									
General Fund .....	-5,614	5,614	—	-1,005	70	-935	-70	70	—
Attorney General Antitrust Accou .....	—	—	—	600	-600	—	600	-600	—
Fingerprint Fees Account .....	335	-335	—	—	—	—	—	—	—
Agricultural & Forestry Residue .....	60	-60	—	10	-10	—	—	—	—
Special Account for Capital Outl .....	—	—	—	161,000	-161,000	—	—	—	—
Transport Planning & Develop Acc .....	—	—	—	—	—	—	25,000	-25,000	—
Highway Construct Revolv Act, S .....	—	—	—	—	—	—	—	—	—
Agriculture Act, AG Fund .....	—	40,000	40,000	—	—	—	—	—	—
Rural Economic Development Fund .....	—	—	—	—	—	—	—	-2,800	-2,800
Water Device Certification Spect .....	6,940	-6,940	—	—	—	—	—	—	—
Capital Outlay Fd for Public Hig .....	6,200	-6,200	—	109	-109	—	63	-63	—
Unitary Fund, California .....	35,684	-35,684	—	17,100	-17,100	—	15,600	-15,600	—



## Schedule 8

**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

Sources	Actual 1989-90			Estimated 1990-91			Estimated 1991-92		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Outer Cont Shelf Land Act Sec 8g .....	—	—	—	13,959	-13,959	—	13,887	-13,887	—
Community College Credentials Fu .....	1,001	-1,001	—	—	—	—	—	—	—
Delinquent Tax Collection Fund .....	331	-331	—	1,190	-1,190	—	1,798	-1,798	—
Driver Training Penalty Assesme .....	23,940	-23,940	—	48,722	-48,722	—	52,356	-52,356	—
Personnel Services Fund .....	2	-2	—	—	—	—	—	—	—
Employment Development Contingen .....	37,240	-37,240	—	54,129	-54,129	—	53,847	-53,847	—
Energy and Resource Fund .....	575	-575	—	510	-510	—	485	-485	—
Fair and Exposition Fund .....	698	-698	—	698	-698	—	246	-246	—
Satellite Wagering Account .....	—	—	—	—	—	—	5,000	-5,000	—
Asset Forfeiture Distribution Fu .....	—	—	—	3,038	-3,038	—	2,566	-2,566	—
Fire and Arson Training Fund, Ca .....	130	-130	—	—	—	—	—	—	—
Industrial Loan Special Fund .....	36,633	-36,633	—	—	—	—	—	—	—
Workers' Comp Administration Rev .....	—	—	—	1,297	-1,297	—	—	—	—
Individual & Family Suppl Grant .....	4	-4	—	—	—	—	—	—	—
Polygraph Examiners Fund .....	6	-6	—	—	—	—	—	—	—
Disaster Relief Fund .....	301,736	-301,736	—	253,588	-253,588	—	134,471	-134,471	—
Solid Waste Disp Site Clup & Ma .....	2,457	-2,457	—	—	—	—	—	—	—
Underground Storage Tank Tester .....	59	-59	—	—	—	—	—	—	—
Energy Resources Programs Account .....	—	—	—	1,580	-1,580	—	—	—	—
Energy Tech Research, Dev, & Dem .....	1,647	-1,647	—	—	—	—	—	—	—
Garment Manufacturers Special Ac .....	389	-389	—	85	-85	—	35	-35	—
Financial Responsibility Penalty .....	—	—	—	10,088	-10,088	—	—	—	—
Peace Officers' Memorial Account .....	7	-7	—	—	—	—	—	—	—
Water Resources Development Bond .....	—	88,500	88,500	—	15,481	15,481	—	21,302	21,302
Employment Training Fund .....	—	—	—	—	—	—	22,374	—	22,374
High Tech Education Rev Bond Fun .....	—	—	—	1,740	—	1,740	—	—	—
Coastal Conservancy Fund, State .....	—	—	—	—	—	—	—	100	100
Public Buildings Construction Fu .....	—	—	—	79	—	79	—	—	—
Service Revolving Fund .....	14,656	—	14,656	15,300	—	15,300	—	—	—
Water Quality Control Fund, Stat .....	—	700	700	—	—	—	—	—	—
Cleanwater Bond Fund, 1984 State .....	—	—	—	135	—	135	—	—	—
Optometry Fund, State .....	—	—	—	300	-300	—	—	—	—
Trust Fund, Federal .....	—	2,133	2,133	—	762	762	—	—	—
Local Hlth Capital Expend Acc, C .....	—	—	—	—	—	—	2,474	—	2,474
Industrial Relations Unpaid Wage .....	1,535	—	1,535	1,727	—	1,727	1,727	—	1,727
Forest Resources Improvement Fund .....	1,503	—	1,503	1,674	—	1,674	1,674	—	1,674
Special Deposit Fund .....	1,697	—	1,697	1,800	—	1,800	3,900	—	3,900
Foster Children and Parent Train .....	2,275	—	2,275	459	—	459	42	—	42
Mediterranean Fruit Fly Claims F .....	3,535	—	3,535	—	—	—	—	—	—
Asbestos Abatement Fund .....	1,831	—	1,831	—	—	—	—	—	—
<b>TOTALS, TRANSFERS &amp; LOANS .....</b>	<b>477,492</b>	<b>-319,127</b>	<b>158,365</b>	<b>589,912</b>	<b>-551,690</b>	<b>38,222</b>	<b>338,075</b>	<b>-287,282</b>	<b>50,793</b>
<b>TOTALS, REVENUES AND TRANSFERS .....</b>	<b>38,749,531</b>	<b>7,703,085</b>	<b>46,452,616</b>	<b>40,438,389</b>	<b>8,955,544</b>	<b>49,393,933</b>	<b>45,770,944</b>	<b>11,326,446</b>	<b>57,097,390</b>

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
<b>Legislative, Judicial, and Executive</b>												
<b>Legislative</b>												
Legislature												
State Operations	50	—	50	—	—	—	—	—	—	—	—	—
Senate												
State Operations	69,274	2,000	71,274	—	—	69,043	—	69,043	—	—	69,043	—
Assembly												
State Operations	105,180	—	105,180	—	—	96,647	—	96,647	—	—	96,647	—
Totals, Legislature	174,504	2,000	176,504	—	—	165,690	—	165,690	—	—	165,690	—
Contributions to Legislator Retire Fund												
State Operations	1,121	—	1,121	—	—	1,192	—	1,192	—	—	1,242	—
Office of the Auditor General												
State Operations	10,876	—	10,876	—	30	11,098	—	11,098	—	—	11,097	—
Legislative Counsel Bureau												
State Operations	21,753	—	21,753	—	—	43,152	—	43,152	—	—	43,713	—
Totals, Legislature	208,254	2,000	210,254	—	30	221,132	—	221,132	—	—	221,742	—
<b>Judicial</b>												
Judiciary												
State Operations	122,330	342	122,672	—	—	138,241	1,479	139,720	—	—	151,868	123
Local Assistance	—	—	—	—	—	190	—	190	—	—	10	—
Totals, Judiciary	122,330	342	122,672	—	—	138,431	1,479	139,910	—	—	151,878	123
Contributions to Judges Retirement Fund												
State Operations	2,438	—	2,438	—	—	3,005	—	3,005	—	—	3,155	—
Local Assistance	29,982	—	29,982	—	—	36,552	—	36,552	—	—	44,817	—
Totals, Contributions to Judges Retire Fd., Salaries of Superior Court Judges	32,420	—	32,420	—	—	39,557	—	39,557	—	—	47,972	—
Local Assistance	66,198	—	66,198	—	—	71,531	—	71,531	—	—	73,502	—
St Block Grant for Sup Court Judgeships												
Local Assistance	—	—	—	—	—	—	—	—	—	—	1	—
State Block Grant for Trial Court Fund												
Local Assistance	433,486	—	433,486	—	—	399,647	—	399,647	—	—	399,460	—
Totals, Judicial	654,434	342	654,776	—	—	649,166	1,479	650,645	—	—	672,813	123
<b>Executive/Governor</b>												
Governor's Office												
State Operations	7,908	—	7,908	—	—	8,858	—	8,858	—	—	9,085	—
Office of California/Mexico Affairs												
State Operations	283	—	283	—	—	290	—	290	—	—	293	—
California State World Trade Commission												
State Operations	2,040	—	2,040	—	—	2,076	1,000	3,076	—	—	2,103	1,000
Office of Planning and Research												
State Operations	4,448	70	4,518	—	439	4,586	560	5,146	—	665	4,492	430
Totals, Executive/Governor	15,709	70	15,779	—	439	16,310	1,560	17,870	—	665	16,973	1,430



## Schedule 9

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

## FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Local Assistance .....	—	796	796	—	1,048	—	693	693	—	3,650	—	—
Totals, Office of Planning and Research ...	4,448	866	5,314	—	1,487	4,586	1,253	5,839	—	4,315	4,492	430
Office of Emergency Services .....	18,306	4,026	22,332	—	4,335	21,528	4,277	25,805	—	5,743	18,153	7,190
State Operations .....	46,598	-5,782	40,816	—	86,106	129,101	-44,882	84,219	—	96,413	38,574	25,300
Local Assistance .....	64,904	-1,756	63,148	—	90,441	150,629	-40,605	110,024	—	102,156	56,727	32,490
Totals, Office of Emergency Services ....	—	—	—	—	—	28,000	—	28,000	—	—	5,191	—
Natural Disaster Assistance .....	—	—	—	—	31,940	18,649	—	18,649	—	82,231	6,000	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance .....	—	—	—	—	31,940	46,649	—	46,649	—	82,231	11,191	—
Totals, Natural Disaster Assistance .....	—	—	—	—	—	20	—	20	—	—	—	—
Governors Portrait .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	20	—	20	—	—	—	—
Governor Elect and Outgoing Governor .....	—	—	—	—	—	550	—	550	—	—	—	—
State Operations .....	79,583	-890	78,693	—	123,868	213,658	-38,352	175,306	—	188,702	83,891	33,920
Totals, Executive/Governor .....	—	—	—	—	—	—	—	—	—	—	—	—
Executive/Constitutional Offices .....	1,553	—	1,553	—	—	1,600	—	1,600	—	—	1,627	—
Total Office of the Lieutenant Governor .....	177,293	35,732	213,025	—	10,680	183,960	44,898	228,858	—	9,787	177,766	44,125
Department of Justice .....	85	—	85	—	—	617	125	742	—	—	592	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	250
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Capital Outlay .....	177,378	35,732	213,110	—	10,680	184,577	45,023	229,600	—	9,787	178,358	44,375
Totals, Department of Justice .....	73,616	2,814	76,430	—	946	72,139	3,383	75,522	—	1,793	74,867	3,657
State Controller .....	113,437	12,237	125,674	—	—	115,768	18,918	134,686	—	—	121,487	21,416
State Board of Equalization .....	28,304	—	28,304	—	—	32,051	—	32,051	—	—	26,636	—
State Operations .....	6,272	—	6,272	—	—	6,599	—	6,599	—	—	6,740	—
Secretary of State .....	—	—	—	—	—	—	109	109	—	—	—	942
State Treasurer .....	6,272	—	6,272	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
Capital Outlay .....	6,272	—	6,272	—	—	6,599	109	6,708	—	—	6,740	942
Totals, State Treasurer .....	—	1,100	1,100	—	—	—	1,329	1,329	—	—	—	1,364
California Debt Advisory Commission .....	—	288	288	—	—	—	399	399	—	—	—	428
State Operations .....	—	375	375	—	—	—	444	444	—	—	—	476
California Debt Limit Allocation Commit .....	—	597	597	—	—	—	1,170	1,170	—	—	—	1,421
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
Calif Industrial Dev Financing Adv Comm .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
California Tax Allocation Committee .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Local Assistance .....	—	433	433	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Calif Tax Allocation Committee ..	—	1,030	1,030	—	—	—	1,170	1,170	—	—	—	1,421	1,421	—	—
Self-Esteem Personal Social Responsibility	321	—	321	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Executive/Constitutional Offices ..	400,881	53,576	454,457	—	11,626	412,734	70,775	483,509	—	11,580	409,715	74,079	483,794	—	11,981
Statewide Distributed Costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
State Mandated Local Costs	59,479	397	59,876	—	—	47,847	14	47,861	—	—	62,038	—	62,038	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Statewide Distributed Costs .....	59,479	397	59,876	—	—	47,847	14	47,861	—	—	62,038	—	62,038	—	—
<b>TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE .....</b>	<b>1,402,631</b>	<b>55,425</b>	<b>1,458,056</b>	<b>—</b>	<b>135,524</b>	<b>1,544,537</b>	<b>33,916</b>	<b>1,578,453</b>	<b>—</b>	<b>200,282</b>	<b>1,450,199</b>	<b>108,122</b>	<b>1,558,321</b>	<b>—</b>	<b>118,983</b>
State Operations .....	766,803	59,591	826,394	—	16,430	840,403	77,857	918,260	—	17,988	825,205	81,630	906,835	—	17,237
Local Assistance .....	635,828	-4,156	631,672	—	119,094	704,134	-44,050	660,084	—	182,294	624,994	25,300	650,294	—	101,746
Capital Outlay .....	—	—	—	—	—	—	109	109	—	—	—	1,192	1,192	—	—
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>STATE AND CONSUMER SERVICES</b>															
Secretary for State and Consumer Servic	812	—	812	—	—	848	—	848	—	—	839	—	839	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Museum of Science and Industry	7,476	556	8,032	—	—	7,439	1,884	9,323	—	—	8,816	1,882	10,698	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
California Afro-American Museum	1,288	—	1,288	—	—	1,332	—	1,332	—	—	—	—	—	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Department of Consumer Affairs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Board of Accountancy	—	5,503	5,503	—	—	—	6,515	6,515	—	—	—	7,126	7,126	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Board of Architectural Examiners	—	3,662	3,662	—	—	—	4,034	4,034	—	—	—	3,882	3,882	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Athletic Commission	764	290	1,054	—	—	770	352	1,122	—	—	765	384	1,149	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bureau of Automotive Repair	—	60,040	60,040	—	—	—	65,047	65,047	—	—	—	70,720	70,720	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Board of Barber Examiners	—	875	875	—	—	—	1,040	1,040	—	—	—	986	986	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Board of Behavioral Science Examiners	—	2,295	2,295	—	—	—	2,873	2,873	—	—	—	3,298	3,298	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cemetery Board	—	322	322	—	—	—	348	348	—	—	—	371	371	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Bureau of Collection & Invest Serv	—	5,247	5,247	—	—	—	6,620	6,620	—	—	—	7,204	7,204	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contractors State License Board	—	30,597	30,597	—	—	—	36,157	36,157	—	—	—	34,552	34,552	—	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—



## Schedule 9

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

## FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Board of Cosmetology												
State Operations	—	3,909	3,909	—	—	—	4,390	4,390	—	—	—	4,665
Board of Dental Examiners												
State Operations	—	3,786	3,786	—	—	—	4,802	4,802	—	—	—	5,041
Bureau of Electronic & Appliance Repair												
State Operations	—	1,235	1,235	—	—	—	1,312	1,312	—	—	—	1,258
Bureau of Personnel Services												
State Operations	—	169	169	—	—	—	—	—	—	—	—	—
Board of Funeral Directors and Embalmers												
State Operations	—	537	537	—	—	—	616	616	—	—	—	779
Bd of Reg for Geologists & Geophysicists												
State Operations	—	261	261	—	—	—	384	384	—	—	—	401
Board of Guide Dogs for the Blind												
State Operations	61	—	61	—	—	50	—	50	—	—	43	—
Bureau of Home Furnish & Thermal Insula												
State Operations	—	2,090	2,090	—	—	—	2,661	2,661	—	—	—	2,666
Board of Landscape Architects												
State Operations	—	300	300	—	—	—	510	510	—	—	—	680
Total Medical Quality Assurance												
State Operations	—	21,658	21,658	—	—	—	26,814	26,814	—	—	—	29,089
Board of Examiners of Nursing Home Admin												
State Operations	—	322	322	—	—	—	419	419	—	—	—	413
Board of Optometry												
State Operations	—	529	529	—	—	—	623	623	—	—	—	805
Board of Pharmacy												
State Operations	—	2,756	2,756	—	—	—	3,331	3,331	—	—	—	3,324
Polygraph Examiners Board												
State Operations	—	36	36	—	—	—	—	—	—	—	—	—
Bd of Reg for Prof Engineer & Lnd Survy												
State Operations	—	4,504	4,504	—	—	—	4,693	4,693	—	—	—	4,598
Board of Registered Nursing												
State Operations	—	8,205	8,205	—	—	—	9,397	9,397	—	—	—	10,050
Certified Shorthand Reporters Board												
State Operations	—	793	793	—	—	—	673	673	—	—	—	717
Structural Pest Control Board												
State Operations	—	2,298	2,298	—	—	—	2,813	2,813	—	—	—	2,557
Tax Preparers Program												
State Operations	—	810	810	—	—	—	958	958	—	—	—	1,246
Total Veterinary Medicine												
State Operations	—	890	890	—	—	—	844	844	—	—	—	962
Bd of Voc Nurse & Psych Tech Examiners												
State Operations	—	3,453	3,453	—	—	—	4,380	4,380	—	—	—	4,002
Division of Consumer Services												
State Operations	1,378	—	1,378	—	—	1,453	—	1,453	—	—	1,457	—
Totals, Department of Consumer Affairs,	2,203	167,372	169,575	—	—	2,273	192,606	194,879	—	—	2,265	201,776
Dept of Fair Employment and Housing												
State Operations	11,181	—	11,181	—	1,920	11,715	—	11,715	—	2,631	11,714	—
												2,066

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Fair Employment and Housing Commission												
State Operations .....	775	—	775	—	—	822	—	822	—	—	827	—
Office of the State Fire Marshal												
State Operations .....	4,599	2,623	7,222	—	107	4,889	3,534	8,423	—	99	4,625	3,235
Franchise Tax Board												
State Operations .....	179,654	869	180,523	—	—	206,251	5,364	211,615	—	—	213,332	1,263
Capital Outlay .....	—	—	—	—	—	—	—	—	—	—	—	384
Totals, Franchise Tax Board .....	179,654	869	180,523	—	—	206,251	5,364	211,615	—	—	213,332	1,647
Total Dept of General Services												
State Operations .....	14,782	43,023	57,805	—	251	2,577	52,274	54,851	368	84	838	57,646
Local Assistance .....	—	48,994	48,994	—	—	—	57,085	57,085	—	200	—	57,085
Capital Outlay .....	—	2,690	2,690	—	—	—	537	537	22,225	—	—	9,262
Totals, Dept of General Services .....	14,782	94,707	109,489	—	251	2,577	109,896	112,473	22,593	284	838	123,993
State Personnel Board												
State Operations .....	11,768	—	11,768	—	—	10,628	—	10,628	—	—	10,639	—
Public Employees' Retirement System												
State Operations .....	56	—	56	—	—	54	—	54	—	—	27	—
Total Department of Veterans Affairs												
Department of Veterans Affairs												
State Operations .....	2,547	105	2,652	—	—	2,621	—	2,621	—	—	2,606	—
Local Assistance .....	1,750	—	1,750	—	—	1,750	—	1,750	—	—	1,680	—
Veterans' Home of California												
State Operations .....	25,567	—	25,567	—	11,858	27,925	—	27,925	—	11,403	28,056	242
Capital Outlay .....	—	1,533	1,533	—	1,123	—	4,966	4,966	—	7,130	—	2,661
Totals, Dept of Veterans Affairs .....	29,864	1,638	31,502	—	12,981	32,296	4,966	37,262	—	18,533	32,342	2,903
Vietnam Veterans Memorial Commission												
State Operations .....	—	606	606	—	—	—	324	324	—	—	—	234
State Mandated Local Costs												
Local Assistance .....	4,152	—	4,152	—	—	5,053	—	5,053	—	—	3,025	—
<b>TOTALS, STATE AND CONSUMER SERVICES .....</b>	<b>268,610</b>	<b>268,371</b>	<b>536,981</b>	<b>—</b>	<b>15,259</b>	<b>286,177</b>	<b>318,574</b>	<b>604,751</b>	<b>22,593</b>	<b>21,547</b>	<b>289,289</b>	<b>335,670</b>
State Operations .....	262,708	215,154	477,862	—	14,136	279,374	255,986	535,360	368	14,217	284,584	266,278
Local Assistance .....	5,902	48,994	54,896	—	—	6,803	57,085	63,888	—	200	4,705	57,085
Capital Outlay .....	—	4,223	4,223	—	1,123	—	5,503	5,503	22,225	7,130	—	12,307
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—

**BUSINESS, TRANSPORTATION, AND HOUSING**

Business												
Sec for Business, Transport and Housing												
State Operations .....	514	665	1,179	—	—	431	665	1,096	—	—	425	697
Dept of Alcoholic Beverage Control												
State Operations .....	21,842	—	21,842	—	—	23,190	—	23,190	—	—	23,052	—
Totals, Business, Transportation, and Housing .....	22,356	665	23,021	—	—	23,621	665	24,286	—	—	23,477	697
Totals, State and Consumer Services .....	268,610	268,371	536,981	—	15,259	286,177	318,574	604,751	22,593	21,547	289,289	335,670
Totals, Business, Transportation, and Housing .....	22,356	665	23,021	—	—	23,621	665	24,286	—	—	23,477	697
Totals, State and Consumer Services and Business, Transportation, and Housing .....	290,966	269,036	560,002	—	15,259	309,798	319,239	629,037	22,593	21,547	312,766	336,367



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Total Budget	Selected Bond funds	Federal Funds
Alcoholic Beverage Control Appeals Bd															
State Operations .....	—	457	457	—	—	—	536	536	—	—	—	535	535	—	—
State Banking Department															
State Operations .....	—	14,296	14,296	—	—	—	15,907	15,907	—	—	—	15,302	15,302	—	—
Dept of Corporations															
State Operations .....	10,163	—	10,163	—	—	10,455	—	10,455	—	—	10,476	315	10,791	—	—
Department of Commerce															
State Operations .....	20,100	1,469	21,569	—	30	15,176	2,745	17,921	—	289	15,106	3,186	18,292	—	102
Local Assistance .....	8,310	9,460	17,770	—	149	11,581	9,935	21,516	—	1,426	12,171	5,809	17,980	—	3,931
Totals, Department of Commerce .....	28,410	10,929	39,339	—	179	26,757	12,680	39,437	—	1,715	27,277	8,995	36,272	—	4,033
St Asst Fd Enterprise,Bus & Ind Dev Cor															
State Operations .....	—	-750	-750	—	—	—	—	—	—	—	—	—	—	—	—
Unitary Fund Programs															
Local Assistance .....	—	2,000	2,000	—	—	—	2,000	2,000	—	—	—	2,000	2,000	—	—
Dept of Housing & Community Development															
State Operations .....	6,657	4,735	11,392	2,796	1,669	6,426	5,464	11,890	5,144	2,013	6,552	6,415	12,967	4,898	1,973
Local Assistance .....	78,400	—	78,400	117,838	38,698	36,600	—	36,600	179,298	65,425	41,524	—	41,524	167,342	71,500
Totals, Dept of Housing & Community Dev	85,057	4,735	89,792	120,634	40,367	43,026	5,464	48,490	184,442	67,438	48,076	6,415	54,491	172,240	73,473
Dept of Insurance															
State Operations .....	—	55,874	55,874	—	—	—	65,325	65,325	—	—	—	67,687	67,687	—	—
Local Assistance .....	—	3,375	3,375	—	—	—	3,500	3,500	—	—	—	3,500	3,500	—	—
Totals, Dept of Insurance .....	—	59,249	59,249	—	—	—	68,825	68,825	—	—	—	71,187	71,187	—	—
Office of Real Estate Appraisers															
State Operations .....	—	—	—	—	—	—	930	930	—	—	—	1,296	1,296	—	—
Dept of Real Estate															
State Operations .....	—	24,657	24,657	—	—	—	26,310	26,310	—	—	—	33,859	33,859	—	—
Dept of Savings and Loan															
State Operations .....	—	6,958	6,958	—	—	—	4,463	4,463	—	—	—	4,241	4,241	—	—
Totals, Business .....	145,986	123,196	269,182	120,634	40,546	103,859	137,780	241,639	184,442	69,153	109,306	144,842	254,148	172,240	77,506
Transportation															
California Transportation Commission															
State Operations .....	—	1,352	1,352	—	—	—	1,435	1,435	—	—	—	1,401	1,401	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	9,880	9,880	—	—
Totals, Calif Transportation Commission	—	1,352	1,352	—	—	—	1,435	1,435	—	—	—	11,281	11,281	—	—
Special Transportation Commission															
State Operations .....	—	5,642	5,642	—	—	—	43,250	43,250	—	—	—	66,000	66,000	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dept of Transportation															
State Operations .....	12,396	1,153,489	1,165,885	—	265,101	4,000	1,361,284	1,365,284	—	236,694	11,799	1,430,993	1,442,792	—	314,984
Local Assistance															
Transportation Planning Program .....	—	4,032	4,032	—	8,098	—	4,032	4,032	—	8,900	—	4,032	4,032	—	8,900
Mass Transportation Program .....	—	77,607	77,607	—	22,619	—	112,207	112,207	—	36,871	—	141,057	141,057	—	14,693
Aeronautics Program .....	—	3,293	3,293	—	—	—	4,320	4,320	—	—	—	4,320	4,320	—	—
Highway Transportation Program .....	—	29,751	29,751	—	205,496	—	46,964	46,964	—	261,600	—	47,457	47,457	—	234,500

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Total Local Assistance .....	—	114,683	114,683	—	236,213	—	167,523	167,523	—	307,371	—	196,866
Capital Outlay .....	13,000	218,590	231,590	—	1,261,545	300	342,753	343,053	300,000	1,388,976	33,000	594,391
Totals, Dept of Transportation .....	25,396	1,486,762	1,512,158	—	1,762,859	4,300	1,871,560	1,875,860	300,000	1,933,041	44,799	2,222,250
Office of Traffic Safety .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	253	253	—	7,625	—	312	312	—	11,258	—	320
Local Assistance .....	—	—	—	—	7,096	—	—	—	—	7,363	—	—
Totals, Office of Traffic Safety .....	—	253	253	—	14,721	—	312	312	—	18,621	—	320
Dept of the California Highway Patrol .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	525,166	525,166	—	2,823	—	553,384	553,384	—	2,884	—	604,796
Capital Outlay .....	—	4,077	4,077	—	—	—	2,853	2,853	—	—	—	1,132
Totals, Dept of the California Highway Pa .....	—	529,243	529,243	—	2,823	—	556,237	556,237	—	2,884	—	605,928
Department of Motor Vehicles .....	64	410,268	410,332	—	1,281	62	449,807	449,869	—	417	60	490,558
Capital Outlay .....	—	618	618	—	—	—	1,824	1,824	—	—	—	6,046
Totals, Department of Motor Vehicles .....	64	410,886	410,950	—	1,281	62	451,631	451,693	—	417	60	496,604
Totals, Transportation .....	25,460	2,434,138	2,459,598	—	1,781,684	4,362	2,924,425	2,928,787	300,000	1,954,963	44,859	3,402,383
Statewide Distributed Costs .....	—	—	—	—	—	—	—	—	—	—	—	—
Payment of Interest on PMIA Loans .....	4,484	—	4,484	—	—	459	—	459	—	—	459	—
General Obligation Bonds .....	189	—	189	—	—	3,334	—	3,334	—	—	36,111	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
State Mandated Local Costs .....	2,609	—	2,609	—	—	3,537	—	3,537	—	—	1,225	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Statewide Distributed Costs .....	7,282	—	7,282	—	—	7,330	—	7,330	—	—	37,795	—
<b>TOTALS, BUSINESS, TRANSPORTATION, AND HOUSING .....</b>	<b>178,728</b>	<b>2,557,334</b>	<b>2,736,062</b>	<b>120,634</b>	<b>1,822,230</b>	<b>115,551</b>	<b>3,062,205</b>	<b>3,177,756</b>	<b>484,442</b>	<b>2,024,116</b>	<b>191,960</b>	<b>3,547,225</b>
State Operations .....	76,409	2,198,889	2,275,298	2,796	278,529	63,533	2,488,567	2,552,100	5,144	253,555	104,040	2,661,601
Local Assistance .....	89,319	135,160	224,479	117,838	282,156	51,718	226,208	277,926	179,298	381,585	54,920	284,055
Capital Outlay .....	13,000	223,285	236,285	—	1,261,545	300	347,430	347,730	300,000	1,388,976	33,000	601,569
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—

## RESOURCES

Natural Resources .....	—	—	—	—	—	—	—	—	—	—	—	—
Secretary for Resources .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	1,292	75	1,367	—	—	1,539	600	2,139	—	—	1,404	447
Special Resources Program .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	525	—	525	—	—	509	100	609	—	—	489	100



## Schedule 9

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

## FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Local Assistance .....	777	589	1,366	—	—	896	565	1,461	—	—	910	800
Totals, Special Resources Program .....	1,302	589	1,891	—	—	1,405	665	2,070	—	—	1,399	900
California Tahoe Conservancy .....												
State Operations .....	649	47	696	735	—	800	35	835	766	—	804	388
Local Assistance .....	—	1,000	1,000	—	—	—	1,000	1,000	—	71	—	3,500
Capital Outlay .....	—	78	78	9,582	865	—	5,722	5,722	17,184	—	—	4,000
Totals, California Tahoe Conservancy .....	649	1,125	1,774	10,317	865	800	6,757	7,557	17,950	71	804	7,888
California Conservation Corps .....												
State Operations .....	40,473	6,034	46,507	—	—	40,566	6,134	46,700	—	—	40,070	6,256
Capital Outlay .....	—	566	566	—	—	—	893	893	—	—	—	140
Totals, California Conservation Corps .....	40,473	6,600	47,073	—	—	40,566	7,027	47,593	—	—	40,070	6,396
Energy Resources Conservation & Dev Com .....												
State Operations .....	—	36,038	36,038	—	26,319	25	54,982	55,007	—	24,412	25	43,652
Local Assistance .....	—	1,703	1,703	—	—	—	3,643	3,643	—	—	—	2,800
Totals, Energy Resources Conserv & Dev .....	—	37,741	37,741	—	26,319	25	58,625	58,650	—	24,412	25	46,452
Renewable Resources Investment Program .....												
State Operations .....	—	2,250	2,250	—	—	—	1,800	1,800	—	—	—	1,800
Colorado River Board of California .....												
State Operations .....	222	10	232	—	—	282	8	290	—	—	286	9
Department of Conservation .....												
State Operations .....	14,726	199,287	214,013	—	305	15,298	289,543	304,841	—	508	15,545	319,657
Local Assistance .....	—	125	125	—	—	—	—	—	—	—	—	—
Totals, Department of Conservation .....	14,726	199,412	214,138	—	305	15,298	289,543	304,841	—	508	15,545	319,657
Department of Forestry and Fire Protect .....												
State Operations .....	254,964	8,621	263,585	36	19,231	317,214	15,833	333,047	38	40,599	264,865	27,575
Local Assistance .....	—	—	—	626	—	—	—	—	633	—	—	—
Capital Outlay .....	—	914	914	—	—	—	1,986	1,986	—	—	—	9,154
Totals, Dept of Forestry and Fire Protect .....	254,964	9,535	264,499	662	19,231	317,214	17,819	335,033	671	40,599	264,865	36,729
State Lands Commission .....												
State Operations .....	15,521	806	16,327	—	—	14,915	2,504	17,419	—	—	14,579	1,963
Capital Outlay .....	—	166	166	—	—	—	1,633	1,633	—	—	—	—
Totals, State Lands Commission .....	15,521	972	16,493	—	—	14,915	4,137	19,052	—	—	14,579	1,963
Seismic Safety Commission .....												
State Operations .....	989	77	1,066	—	—	1,202	—	1,202	—	—	977	—
Department of Fish and Game .....												
State Operations .....	8,328	83,954	92,282	2,128	17,428	4,974	100,253	105,227	3,071	23,104	4,951	94,995
Capital Outlay .....	—	420	420	—	214	—	541	541	93	—	—	2,178
Totals, Department of Fish and Game .....	8,328	84,374	92,702	2,128	17,642	4,974	100,794	105,768	3,164	23,104	4,951	97,173
Wildlife Conservation Board .....												
State Operations .....	—	837	837	171	—	—	-7,672	-7,672	9,053	—	—	7,803

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Capital Outlay .....	—	3,202	3,202	23,411	—	—	18,599	18,599	38,604	—	—	5,102
Totals, Wildlife Conservation Board .....	—	4,039	4,039	23,582	—	—	10,927	10,927	47,657	—	—	12,905
Dept of Boating & Waterways .....	273	60	333	—	585	270	70	340	—	882	270	—
State Operations .....	300	4,592	4,892	—	2,837	—	1,000	1,000	—	2,550	—	1,648
Local Assistance .....	—	15,643	15,643	—	—	—	22,000	22,000	—	—	—	2,550
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Dept of Boating & Waterways .....	573	20,295	20,868	—	3,422	270	23,070	23,340	—	3,432	270	4,198
California Coastal Commission .....	5,958	429	6,387	—	1,808	6,036	1,102	7,138	—	2,293	6,766	1,746
State Operations .....	—	—	—	—	263	—	—	—	—	300	—	250
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, California Coastal Commission .....	5,958	429	6,387	—	2,071	6,036	1,102	7,138	—	2,593	6,766	1,996
State Coastal Conservancy .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	—	—	—	2,891	—	—	4,000	4,000	6,878	—	—	2,100
Local Assistance .....	—	—	—	—	—	—	1,100	1,100	450	—	—	—
Capital Outlay .....	—	2,048	2,048	17,791	180	—	4,553	4,553	28,685	—	—	11,977
Totals, State Coastal Conservancy .....	—	2,048	2,048	20,682	180	—	1,653	1,653	36,013	—	—	14,077
Dept of Parks and Recreation .....	86,172	60,577	146,749	6,920	1,220	72,113	91,278	163,391	4,182	1,783	72,690	91,467
State Operations .....	443	16,263	16,706	147,831	1,086	883	30,762	31,645	145,571	5,494	—	13,425
Local Assistance .....	—	8,273	8,273	28,298	—	—	17,492	17,492	164,023	1,000	—	8,123
Capital Outlay .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Dept of Parks and Recreation .....	86,615	85,113	171,728	183,049	2,306	72,996	139,532	212,528	313,776	8,277	72,690	113,015
Santa Monica Mountains Conservancy .....	212	—	212	47	—	199	—	199	—	—	199	—
State Operations .....	—	—	—	16,239	—	—	9,000	9,000	4,884	—	—	10,000
Capital Outlay .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Santa Monica Mountains Conservancy .....	212	—	212	16,286	—	199	9,000	9,199	4,884	—	199	10,000
San Francisco Bay Conserv & Develop Com .....	1,657	35	1,692	—	72	1,683	—	1,683	—	47	1,675	200
Department of Water Resources .....	7,278	28,517	35,795	1,633	1,391	32,267	8,437	40,704	2,901	1,792	33,134	5,639
State Operations .....	13,000	6,022	19,022	25,723	—	—	10,829	10,829	87,370	—	—	64,091
Local Assistance .....	—	44,964	44,964	—	—	—	18,697	18,697	—	—	—	10,700
Capital Outlay .....	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Water Resources .....	20,278	79,503	99,781	27,356	1,391	32,267	37,963	70,230	90,271	1,792	33,134	80,430
Payment of Interest on PMIA Loans .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	34,859	—	34,859	4,454	—	13,091	—	13,091	2,064	—	13,091	—
Local Assistance .....	—	—	—	456	—	—	—	—	1,231	—	—	1,120
Totals, Payment of Interest on PMIA Loans .....	34,859	—	34,859	4,910	—	13,091	—	13,091	3,295	—	13,091	2,120
General Obligation Bonds .....	143,448	—	143,448	—	—	173,311	—	173,311	—	—	216,794	—
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—



## Schedule 9

## COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND

## FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
State Mandated Local Costs															
Local Assistance .....	861	-7	854	—	—	1,365	—	1,365	—	—	1,365	—	1,365	—	—
Totals, Natural Resources .....	632,927	534,215	1,167,142	288,972	73,804	699,438	711,022	1,410,460	517,681	104,835	690,889	764,674	1,455,563	213,794	107,688
Environmental Affairs															
California Integrated Waste Managemt Bd															
State Operations .....	4,706	1,485	6,191	—	—	4,784	43,503	48,287	—	33	4,784	51,125	55,909	—	67
Local Assistance .....	—	—	—	—	—	—	5,500	5,500	—	—	—	5,500	5,500	—	900
Totals, California Integrated Waste Manag	4,706	1,485	6,191	—	—	4,784	49,003	53,787	—	33	4,784	56,625	61,409	—	967
Air Resources Board															
State Operations .....	2,916	64,216	67,132	—	3,530	2,934	74,290	77,224	—	3,155	—	81,055	81,055	—	3,211
Local Assistance .....	—	7,511	7,511	—	3,748	—	7,511	7,511	—	4,200	—	7,511	7,511	—	—
Totals, Air Resources Board .....	2,916	71,727	74,643	—	7,278	2,934	81,801	84,735	—	7,355	—	88,566	88,566	—	3,211
State Water Resources Control Board															
State Operations .....	31,858	12,685	44,543	7,105	18,288	39,336	20,319	59,655	12,429	36,196	39,816	88,084	127,900	12,454	40,847
Local Assistance .....	—	235	235	55,076	7,960	—	7,176	7,176	92,000	175,363	—	—	—	83,800	93,000
Totals, State Water Resources Control Bd	31,858	12,920	44,778	62,181	26,248	39,336	27,495	66,831	104,429	211,559	39,816	88,084	127,900	96,254	133,847
Payment of Interest on PMIA Loans															
State Operations .....	3,176	—	3,176	1,121	—	1,018	—	1,018	6,532	—	1,018	—	1,018	—	—
Local Assistance .....	—	—	—	1,745	—	—	—	—	1,078	—	—	—	—	1,074	—
Totals, Payment of Interest on PMIA Loans	3,176	—	3,176	2,866	—	1,018	—	1,018	7,610	—	1,018	—	1,018	1,074	—
General Obligation Bonds															
State Operations .....	60,155	—	60,155	—	—	58,786	—	58,786	—	—	62,322	—	62,322	—	—
Totals, Environmental Affairs .....	102,811	86,132	188,943	65,047	33,526	106,858	158,299	265,157	112,039	218,947	107,940	233,275	341,215	97,328	138,025
TOTALS, RESOURCES .....	735,738	620,347	1,356,085	354,019	107,330	806,296	869,321	1,675,617	629,720	323,782	798,829	997,949	1,796,778	311,122	245,713
State Operations .....	720,357	506,040	1,226,397	27,241	90,177	803,152	699,119	1,502,271	47,914	134,804	796,554	823,325	1,619,879	29,609	142,505
Local Assistance .....	15,381	38,033	53,414	231,457	15,894	3,144	69,086	72,230	328,333	187,978	2,275	99,627	99,627	202,599	102,025
Capital Outlay .....	—	60,631	60,631	95,321	1,259	—	79,116	79,116	253,473	1,000	—	51,997	51,997	78,914	1,183
Unclassified .....	—	15,643	15,643	—	—	—	22,000	22,000	—	—	—	25,000	25,000	—	—
HEALTH AND WELFARE															
Secretary for Health and Welfare															
State Operations .....	1,823	—	1,823	—	1,113	1,532	—	1,532	—	2,139	1,525	—	1,525	—	150
State Council Developmental Disabilities															
State Operations .....	—	—	—	—	4,954	—	—	—	—	5,602	—	—	—	—	5,052
Emergency Medical Services Authority															
State Operations .....	1,000	—	1,000	—	289	1,306	145	1,451	—	275	1,302	235	1,537	—	275
Local Assistance .....	2,856	—	2,856	—	2,128	3,057	—	3,057	—	1,471	2,935	—	2,935	—	1,471
Totals, Emergency Medical Services Author	3,856	—	3,856	—	2,417	4,363	145	4,508	—	1,746	4,237	235	4,472	—	1,746

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Office Statewide Health Planning-Develop															
State Operations .....	1,661	23,709	25,370	—	—	1,843	33,779	35,622	—	—	1,687	34,734	36,421	—	—
Local Assistance .....	2,347	—	2,347	—	—	3,596	—	3,596	—	—	2,765	—	2,765	—	—
Totals, Office Statewide Health Planning-Dev	4,008	23,709	27,717	—	—	5,439	33,779	39,218	—	—	4,452	34,734	39,186	—	—
Department of Aging															
State Operations .....	4,662	—	4,662	—	2,993	4,770	—	4,770	—	3,257	4,767	—	4,767	—	3,215
Local Assistance .....	33,075	—	33,075	—	81,098	31,068	—	31,068	—	82,908	29,441	—	29,441	—	83,406
Totals, Department of Aging .....	37,737	—	37,737	—	84,091	35,838	—	35,838	—	86,165	34,208	—	34,208	—	86,621
Commission on Aging															
State Operations .....	233	—	233	—	226	249	—	249	—	239	253	—	253	—	242
Dept of Alcohol and Drug Programs															
State Operations .....	6,869	986	7,855	—	12,892	5,459	1,707	7,166	—	19,150	5,524	1,745	7,269	—	18,678
Local Assistance															
Alcohol Program .....	36,954	—	36,954	—	39,629	34,382	—	34,382	—	52,301	34,382	—	34,382	—	52,272
Drug Program .....	36,135	—	36,135	—	70,750	33,971	—	33,971	—	102,194	33,971	—	33,971	—	90,471
Pilot Project Combined Services Program	—	—	—	—	—	6,082	—	6,082	—	20,458	6,082	17,000	23,082	—	18,834
Unallocated Trigger Reduction .....	—	—	—	—	—	—	—	—	—	—	-2,977	—	-2,977	—	—
Total Local Assistance .....	73,089	—	73,089	—	110,379	74,435	—	74,435	—	174,953	71,458	17,000	88,458	—	161,577
Totals, Dept of Alcohol and Drug Programs	79,958	986	80,944	—	123,271	79,894	1,707	81,601	—	194,103	76,982	18,745	95,727	—	180,255
Child Development Pgms Advisory Committ															
State Operations .....	244	—	244	—	—	257	—	257	—	—	259	—	259	—	—
Total Department of Health Services															
State Operations .....	171,471	125,813	297,284	8,490	383,495	187,700	153,624	341,324	21,858	462,138	170,113	153,382	323,495	—	267,828
Local Assistance															
Medical Assistance Program .....	3,326,506	11,890	3,338,396	—	3,450,790	3,912,128	24,155	3,936,283	—	4,435,115	5,308,929	3,190	5,312,119	—	5,889,308
Public Health Services .....	1,137,760	595,917	1,733,677	—	262,684	985,252	486,195	1,471,447	—	274,983	516,265	328,076	844,341	—	467,426
Cost of Living: Medi-Cal .....	123,555	—	123,555	—	123,021	38,500	—	38,500	—	38,500	—	—	—	—	—
Cost of Living: Public Health-Other .....	20,329	—	20,329	—	—	—	—	—	—	—	—	—	—	—	—
Total Local Assistance .....	4,608,150	607,807	5,215,957	—	3,836,495	4,935,880	510,350	5,446,230	—	4,748,598	5,825,194	331,266	6,156,460	—	6,356,734
Capital Outlay .....	—	308	308	—	—	—	263	263	—	—	—	3,298	3,298	—	—
Totals, Total Department of Health Svcs .	4,779,621	733,928	5,513,549	8,490	4,219,990	5,123,580	664,237	5,787,817	21,858	5,210,736	5,995,307	487,946	6,483,253	—	6,624,562
California Medical Assistance Commissio															
State Operations .....	796	—	796	—	—	982	—	982	—	—	982	—	982	—	—
Major Risk Medical Insurance Board															
State Operations .....	—	—	—	—	—	—	692	692	—	—	—	1,089	1,089	—	—
Local Assistance .....	—	—	—	—	—	—	15,947	15,947	—	—	—	102,221	102,221	—	—
Totals, Major Risk Medical Insurance Bd	—	—	—	—	—	—	16,639	16,639	—	—	—	103,310	103,310	—	—
Total Dept of Developmental Services															
State Operations .....	51,946	4,193	56,139	—	6,871	73,442	282	73,724	—	10,578	84,542	2,922	87,464	—	3,352
Local Assistance .....	491,644	3,554	495,198	—	—	554,506	3,175	557,681	—	—	580,989	3,415	584,404	—	—
Capital Outlay .....	—	4,752	4,752	—	—	—	10,472	10,472	—	—	—	19,419	19,419	—	—
Totals, Dept of Developmental Svcs .....	543,590	12,499	556,089	—	6,871	627,948	13,929	641,877	—	10,578	665,531	25,756	691,287	—	3,352



**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90			Estimated 1990-91			Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Total Dept of Mental Health										
State Operations .....	380,749	1,688	382,437	—	2,082	419,543	—	419,543	—	2,636
Local Assistance .....	593,825	37,071	630,896	—	32,126	545,761	32,142	577,903	—	31,195
Capital Outlay .....	—	5,114	5,114	—	—	—	43,219	43,219	—	—
Totals, Total Dept of Mental Health .....	974,574	43,873	1,018,447	—	34,208	965,304	75,361	1,040,665	—	33,831
Employment Development Dept										
State Operations .....	29,671	39,132	68,803	—	412,856	23,338	29,029	52,367	—	463,185
Local Assistance .....	—	—	—	—	2,121,946	—	—	—	—	2,589,944
Capital Outlay .....	—	54	54	—	129	—	153	153	—	407
Totals, Employment Development Dept .	29,671	39,186	68,857	—	2,534,931	23,338	29,182	52,520	—	3,053,536
Dept of Rehabilitation										
State Operations .....	28,905	—	28,905	—	137,255	26,810	—	26,810	—	153,078
Local Assistance .....	69,852	—	69,852	—	—	80,314	—	80,314	—	—
Totals, Dept of Rehabilitation .....	98,757	—	98,757	—	137,255	107,124	—	107,124	—	153,078
Dept of Social Services										
State Operations .....	107,139	196	107,335	—	145,831	111,212	174	111,386	—	158,482
Local Assistance										
SSI/SSP Grants .....	2,203,946	—	2,203,946	—	11,790	2,298,805	—	2,298,805	—	21,906
Payments for Children .....	2,649,267	—	2,649,267	—	2,571,142	3,002,205	—	3,002,205	—	2,782,524
Special Adult Programs .....	3,000	—	3,000	—	1	2,955	—	2,955	—	75
Social Service Programs .....	760,285	—	760,285	—	540,386	790,939	—	790,939	—	649,350
Refugee Programs .....	—	—	—	—	34,130	—	—	—	—	26,862
Community Care Licensing .....	9,822	—	9,822	—	5,001	9,045	—	9,045	—	2,821
County Administration .....	173,068	—	173,068	—	493,003	199,521	—	199,521	—	665,087
Unallocated Trigger Reduction .....	—	—	—	—	—	—	—	—	—	—
Total Local Assistance .....	5,799,388	—	5,799,388	—	3,655,453	6,303,470	—	6,303,470	—	4,148,625
Totals, Dept of Social Services .....	5,906,527	196	5,906,723	—	3,801,284	6,414,682	174	6,414,856	—	4,307,107
Payment of Interest on PMIA Loans										
State Operations .....	—	—	—	3,138	—	—	—	—	4,100	—
General Obligation Bonds										
State Operations .....	5,749	—	5,749	—	—	5,210	—	5,210	—	5,062
State Mandated Local Costs										
Local Assistance .....	11,168	—	11,168	—	—	8,688	—	8,688	—	—
TOTALS, HEALTH AND WELFARE .....	12,478,312	854,377	13,332,689	11,628	10,950,611	13,404,428	835,153	14,239,581	25,958	13,058,860
State Operations .....	792,918	195,717	988,635	11,628	1,110,857	863,653	219,432	1,083,085	25,958	1,280,759
Local Assistance .....	11,685,394	648,432	12,333,826	—	9,839,625	12,540,775	561,614	13,102,389	—	11,777,694
Capital Outlay .....	—	10,228	10,228	—	129	—	54,107	54,107	—	407
Unclassified .....	—	—	—	—	—	—	—	—	—	—
						</				

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90			Estimated 1990-91			Estimated 1991-92		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>YOUTH AND ADULT CORRECTIONAL AGENCY</b>									
Sec for Youth and Adult Corrections									
State Operations	877	—	877	—	—	976	959	—	—
Dept of Corrections									
State Operations	1,865,052	—	1,865,052	23,273	—	2,212,782	2,530,946	—	31,472
Local Assistance									
Transportation of Prisoners	353	—	353	—	—	370	94	—	—
Returning Fugitives	563	—	563	—	—	591	591	—	—
Court Costs and County Charges	8,175	—	8,175	—	—	9,827	9,830	—	—
Asst to Counties for Detentm of Parolees	16,319	—	16,319	—	—	14,054	16,390	—	—
Loan to Del Norte County	1,190	—	1,190	—	—	—	—	—	—
Unallocated Trigger Reduction	—	—	—	—	—	—	-1,076	—	—
Total Local Assistance	26,600	—	26,600	—	—	24,842	25,829	—	—
Capital Outlay	—	597	597	383,868	—	—	—	385,104	—
Totals, Dept of Corrections	1,891,652	597	1,892,249	407,141	—	2,237,624	2,556,775	—	416,576
Board of Corrections									
State Operations	521	1,823	2,344	1,859	—	2,523	560	2,009	2,264
Local Assistance									
County Correctional Staff Training	—	12,629	12,629	—	—	14,274	—	14,274	—
County Correctional Facility Construct	—	—	—	145,365	—	—	—	—	265,329
Total Local Assistance	—	12,629	12,629	145,365	—	14,274	—	14,274	265,329
Totals, Board of Corrections	521	14,452	14,973	147,224	—	16,797	560	16,283	267,593
Board of Prison Terms									
State Operations	11,290	—	11,290	—	—	13,313	13,452	—	—
Youthful Offender Parole Board									
State Operations	3,047	—	3,047	—	—	3,458	3,452	—	—
Dept of Youth Authority									
State Operations	290,276	—	290,276	1,293	—	325,086	329,574	—	363
Local Assistance									
Transportation of Wards	41	—	41	—	—	95	95	—	—
Delinquency Prevention	2,307	—	2,307	—	—	2,307	2,307	—	—
Asst to Counties for Detentm of Parolees	3,705	—	3,705	—	—	3,705	3,705	—	—
County Justice Subvention Program	67,298	—	67,298	—	—	34,298	34,298	—	—
Regional Youth Education Centers	500	—	500	—	—	500	500	—	—
County Correction Facil (Juvenile Facil)	—	—	—	8,650	—	—	—	—	15,156
Unallocated Trigger Reduction	—	—	—	—	—	—	-264	—	—
Total Local Assistance	73,851	—	73,851	8,650	—	40,905	40,641	—	15,156
Capital Outlay	—	—	—	11,070	—	—	—	—	5,390
Totals, Dept of Youth Authority	364,127	—	364,127	21,013	—	365,991	370,215	—	20,909
Robert B Presley Institute									
State Operations	479	—	479	—	—	427	431	—	—
Payment of Interest on PMIA Loans									
Local Assistance	—	—	—	7,531	—	—	—	—	11,430



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Capital Outlay .....	—	—	—	3,244	—	—	—	—	—	5,620	—	—
Totals, Payment of Interest on PMIA Loans .....	—	—	—	10,775	—	—	—	—	—	13,787	—	—
General Obligation Bonds .....	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	178,939	—	178,939	—	—	217,612	—	217,612	—	—	284,522	—
State Mandated Local Costs .....	66	—	66	—	—	—	—	—	—	—	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
<b>TOTALS, YOUTH AND ADULT</b>	<b>2,450,998</b>	<b>15,049</b>	<b>2,466,047</b>	<b>586,153</b>	<b>1,466</b>	<b>2,839,952</b>	<b>16,246</b>	<b>2,856,198</b>	<b>440,329</b>	<b>1,541</b>	<b>3,230,366</b>	<b>16,283</b>
<b>CORRECTIONAL AGENCY .....</b>	<b>2,350,481</b>	<b>1,823</b>	<b>2,352,304</b>	<b>26,425</b>	<b>1,466</b>	<b>2,774,205</b>	<b>1,972</b>	<b>2,776,177</b>	<b>34,051</b>	<b>1,541</b>	<b>3,163,896</b>	<b>2,009</b>
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance .....	100,517	12,629	113,146	161,546	—	65,747	14,274	80,021	180,263	—	66,470	14,274
Capital Outlay .....	—	597	597	398,182	—	—	—	—	226,015	—	—	—
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—
<b>EDUCATION</b>	<b>96,041</b>	<b>4,528</b>	<b>100,569</b>	<b>—</b>	<b>47,842</b>	<b>84,769</b>	<b>4,639</b>	<b>89,408</b>	<b>—</b>	<b>50,908</b>	<b>91,586</b>	<b>3,236</b>
K thru 12 Education .....	—	—	—	—	—	—	—	—	—	—	—	—
Dept of Education—Headquarters .....	274,701	—	274,701	—	12,041	290,140	—	290,140	—	12,605	297,393	—
State Operations .....	122,682	—55	122,627	—	—	124,022	—65	123,957	—	—	117,729	—
Local Assistance .....	9,794,494	24,150	9,818,644	—	—	10,361,950	12,415	10,374,365	—	—	10,182,083	21,840
Adult Education .....	230,560	—	230,560	—	—	240,651	—	240,651	—	—	243,787	—
Appointments-District .....	347,797	—	347,797	—	3,384	364,031	—	364,031	—	3,477	484,850	—
Appointments-ROC/P .....	47,413	—	47,413	—	559,818	51,735	—	51,735	—	610,862	54,516	—
Child Development .....	—	—	—	—	—	30,994	—	30,994	—	—	—	—
Child Nutrition .....	—	—	—	—	—	516,790	—	516,790	—	—	515,529	—
Class Size Reduction .....	477,029	—	477,029	—	—	—	—	—	—	—	—	—
Desegregation .....	—	21,236	21,236	—	—	—	1	1	—	—	21,000	1
Driver Training .....	—	35,092	35,092	—	20,753	—	35,100	35,100	—	33,940	4,000	15,100
Drugs & Tobacco Use Prevention Educ .....	—	—	—	—	—	1,293	—	1,293	—	—	19,100	—
Earthquake Relief .....	—	—	—	—	—	—	—	—	—	—	—	—
Immigration Reform .....	—	—	—	—	145,608	—	—	—	—	95,763	—	—
Indian Education .....	2,294	—	2,294	—	—	2,322	—	2,322	—	—	2,306	—
Instructional Materials .....	120,329	—	120,329	—	—	128,885	—	128,885	—	—	134,431	—
Proposition 98 Reserve-K-12 .....	—	—	—	—	—	-10,052	—	-10,052	—	—	100,000	—
Special Education .....	1,321,019	—	1,321,019	—	167,469	1,427,182	—	1,427,182	—	181,790	1,480,703	—
Specialized Instruct & School Improv .....	540,330	765	541,095	—	555,630	690,285	515	690,800	—	619,809	749,477	804
Staff Development .....	180,000	—	180,000	—	10,066	98,207	—	98,207	—	9,102	31,516	—
Supplemental Grants .....	306,053	—	306,053	—	—	185,400	—	185,400	—	—	185,400	—
Transportation .....	14,076	—	14,076	—	—	332,682	—	332,682	—	—	343,682	—
Vocational Education .....	35,767	2,167	37,934	—	74,912	15,531	—	15,531	—	80,298	15,348	—
Year-Round School Incentives .....	13,886,181	83,355	13,969,536	—	—	48,582	—	48,582	—	—	82,937	—
Total Local Assistance .....	13,982,222	87,883	14,070,105	—	1,549,681	14,900,630	47,966	14,948,596	—	1,647,646	15,046,687	37,745
Totals, Dept of Education—Headquarters .....	—	—	—	—	1,597,523	14,985,399	52,605	15,038,004	—	1,698,554	15,138,273	40,981
Totals, Dept of Education—Headquarters .....	—	—	—	—	—	—	—	—	—	—	—	—

1,667,104

## Schedule 9

COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND  
FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92						
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
State Library															
State Operations .....	11,135	—	11,135	140	1,422	11,189	—	11,189	201	1,833	11,190	—	11,190	205	1,756
Local Assistance .....	34,890	—	34,890	—	8,567	29,579	—	29,579	—	12,000	23,148	—	23,148	—	11,664
Totals, State Library .....	46,025	—	46,025	140	9,989	40,768	—	40,768	201	13,833	34,338	—	34,338	205	13,420
Calif State Summer School for the Arts															
State Operations .....	588	—	588	—	—	661	—	661	—	—	694	—	694	—	—
Contributions to Teachers Retire Fund															
Local Assistance .....	446,316	—	446,316	—	—	53,000	—	53,000	—	—	587,902	—	587,902	—	—
Retirement Costs for Community Colleges															
Local Assistance .....	-55,606	—	-55,606	—	—	-4,770	—	-4,770	—	—	-52,911	—	-52,911	—	—
Calif State Council on Vocational Educ															
State Operations .....	102	—	102	—	245	103	—	103	—	225	103	—	103	—	225
Calif Occupational Info Coord Committee															
State Operations .....	—	—	—	—	179	—	—	—	—	273	—	—	—	—	273
School Facilities Aid Program															
Local Assistance .....	-1,839	502	-1,337	—	7,674	21,100	-23,381	-2,281	1,600,000	2,981	21,093	494	21,587	—	200
Commission on Teacher Credentialing															
State Operations .....	1,048	10,798	11,846	—	—	—	12,565	12,565	—	—	—	12,976	12,976	—	—
General Obligation Bonds															
State Operations .....	144,246	—	144,246	—	—	253,911	—	253,911	—	—	343,427	—	343,427	—	—
State Mandated Local Costs															
Local Assistance .....	118,590	—	118,590	—	—	129,527	—	129,527	—	—	186,406	—	186,406	—	—
Totals, K thru 12 Education .....	14,681,692	99,183	14,780,875	140	1,615,610	15,479,699	41,789	15,521,488	1,600,201	1,715,866	16,259,325	54,451	16,313,776	205	1,681,222
Higher Education															
Cal Postsecondary Education Commission															
State Operations .....	3,478	—	3,478	—	175	3,594	—	3,594	—	182	3,605	—	3,605	—	182
Local Assistance .....	—	—	—	—	3,193	—	—	—	—	4,127	—	—	—	—	4,127
Totals, Cal Postsecondary Educ Commission	3,478	—	3,478	—	3,368	3,594	—	3,594	—	4,309	3,605	—	3,605	—	4,309
Total University of California															
State Operations .....	2,076,662	41,979	2,118,641	2,200	3,031,574	2,135,733	33,005	2,168,738	3,000	3,116,812	2,133,900	27,908	2,161,808	—	3,237,212
Capital Outlay .....	—	—	—	42,722	—	—	—	—	154,169	—	—	—	—	20,620	—
Totals, Total University of California .....	2,076,662	41,979	2,118,641	44,922	3,031,574	2,135,733	33,005	2,168,738	157,169	3,116,812	2,133,900	27,908	2,161,808	20,620	3,237,212
Hastings College of Law															
State Operations .....	13,346	—	13,346	232	—	13,531	—	13,531	70	—	13,638	—	13,638	—	—
California State University															
State Operations .....	1,631,540	328,721	1,960,261	5,488	169,681	1,699,013	363,342	2,062,355	19,016	168,668	1,655,927	422,983	2,078,910	—	185,473
Capital Outlay .....	—	17	17	78,297	—	—	—	—	220,094	—	—	—	—	21,871	—
Totals, California State University .....	1,631,540	328,738	1,960,278	83,785	169,681	1,699,013	363,342	2,062,355	239,110	168,668	1,655,927	422,983	2,078,910	21,871	185,473
California Maritime Academy															
State Operations .....	6,773	—	6,773	—	401	7,046	—	7,046	—	401	7,075	—	7,075	—	401
Capital Outlay .....	—	—	—	144	—	—	—	—	60	—	—	—	—	—	—
Totals, California Maritime Academy .....	6,773	—	6,773	144	401	7,046	—	7,046	60	401	7,075	—	7,075	—	401



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**

(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Bd of Governors of Calif Comm Colleges	14,756	1,151	15,907	—	—	15,168	—	15,168	197	—	14,575	142
State Operations .....	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionments for Community Colleges	1,400,836	2,570	1,403,406	—	—	1,535,090	3,854	1,538,944	—	—	1,484,118	3,854
Support-Academic Senate .....	150	—	150	—	—	150	—	150	—	—	379	—
Extended Opportunity Program .....	46,493	—	46,493	—	—	47,879	—	47,879	—	—	51,425	—
Disabled Students .....	30,055	—	30,055	—	—	33,356	—	33,356	—	—	34,108	—
Instructional Improvements .....	736	—	736	—	—	736	—	736	—	—	736	—
Deferred Maintenance and Special Repairs	2,384	-13	2,371	—	—	21,942	51	21,993	—	—	8,681	—
Vocational Education .....	1,270	—	1,270	—	—	1,270	—	1,270	—	—	1,270	—
Instruc Equip Replace & Lib Materials ..	—	—	—	23,000	—	—	—	—	23,000	—	—	—
Transfer Centers .....	1,990	—	1,990	—	—	6,449	—	6,449	—	—	—	—
Foster Parent Training Programs .....	819	—	819	—	—	—	—	—	—	—	—	—
Transfer Education and Articulation .....	1,482	—	1,482	—	—	1,485	—	1,485	—	—	7,224	—
Hazardous Substances .....	5,474	—	5,474	5,000	—	8,000	—	8,000	5,000	—	8,000	—
Matriculation .....	35,870	—	35,870	—	—	38,413	—	38,413	—	—	39,277	—
Faculty and Staff Diversity .....	1,000	—	1,000	—	—	1,859	—	1,859	—	—	1,859	—
Faculty and Staff Development .....	4,900	—	4,900	—	—	4,900	—	4,900	—	—	4,900	—
Accountability/Mgmt Information Sys ..	6,400	—	6,400	—	—	375	—	375	—	—	—	—
Reserve .....	—	—	—	—	—	—	—	—	—	—	10,000	—
Academic Standards & Evaluation .....	—	—	—	—	—	50	—	50	—	—	—	—
Economic Development .....	—	—	—	—	—	5,256	—	5,256	—	—	5,256	—
Total Local Assistance .....	1,539,859	2,557	1,542,416	28,000	—	1,707,210	3,905	1,711,115	28,000	—	1,657,233	3,854
Capital Outlay .....	—	193	193	35,637	—	—	—	—	167,281	—	—	10,360
Totals, Bd of Governors of Calif Com Coll	1,554,615	3,901	1,558,516	63,637	—	1,722,378	3,905	1,726,283	195,478	—	1,671,808	3,854
Community Colleges Retirement Costs	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance .....	55,606	—	55,606	—	—	4,770	—	4,770	—	—	52,911	—
Council for Private Postsecn & Voc Educ	—	—	—	—	—	—	—	—	—	606	—	—
State Operations .....	—	—	—	—	—	—	1,432	1,432	—	—	2,861	—
Student Aid Commission	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	5,943	—	5,943	—	203,079	3,723	105	3,828	—	237,636	3,719	108
Local Assistance .....	146,668	—	146,668	—	13,067	156,400	—	156,400	—	11,096	163,371	—
Totals, Student Aid Commission .....	152,611	—	152,611	—	216,146	160,123	105	160,228	—	248,732	167,090	108
Payment of Interest on PMIA Loans	—	—	—	—	—	—	—	—	—	—	—	—
Capital Outlay .....	—	—	—	—	—	—	—	—	25,828	—	—	5,136
General Obligation Bonds	—	—	—	—	—	—	—	—	—	—	—	—
State Operations .....	65,370	—	65,370	—	—	92,485	—	92,485	—	—	175,740	—
State Mandated Local Costs	—	—	—	—	—	—	—	—	—	—	—	—
Local Assistance .....	16,084	—	16,084	—	—	15,885	—	15,885	—	—	7,850	—
Totals, Higher Education .....	5,576,085	374,618	5,950,703	192,720	3,421,170	5,854,558	401,789	6,256,347	617,715	3,539,528	5,889,544	457,714
Totals, EDUCATION .....	20,257,777	473,801	20,731,578	192,860	5,036,780	21,334,257	443,578	21,777,835	2,217,916	5,255,394	22,148,869	512,165
State Operations .....	4,071,028	387,177	4,458,205	8,060	3,454,598	4,920,926	445,088	4,736,014	22,484	3,577,544	4,455,179	470,072
Local Assistance .....	16,186,749	86,414	16,273,163	28,000	1,582,182	17,013,331	28,490	17,041,821	1,628,000	1,677,850	17,693,690	42,093
Capital Outlay .....	—	210	210	156,800	—	—	—	—	567,432	—	—	—
Unclassified .....	—	—	—	—	—	—	—	—	—	—	—	—

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90			Estimated 1990-91			Estimated 1991-92		
	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total	General Fund	Special funds	Budget Total
<b>GENERAL GOVERNMENT</b>									
General Administration									
Office of Criminal Justice Planning									
State Operations	4,591	1,937	6,528	4,960	2,371	7,331	5,036	2,425	7,461
Local Assistance	40,056	14,678	54,734	49,376	17,427	66,803	48,460	18,027	66,487
Totals, Office of Criminal Justice Plng	44,647	16,615	61,262	54,336	19,798	74,134	53,496	20,452	73,948
Comm on Peace Officer Standards & Train									
State Operations	8	9,502	9,510	—	10,648	10,648	—	11,495	11,495
Local Assistance	—	32,000	32,000	—	37,700	37,700	—	38,500	38,500
Totals, Comm on Peace Officer Stds & Train	8	41,502	41,510	—	48,348	48,348	—	49,995	49,995
State Public Defender									
State Operations	9,087	—	9,087	10,927	—	10,927	11,312	—	11,312
Assist to Counties for Defense of Indig	19,000	—	19,000	—	—	—	—	—	—
Local Assistance	6,175	—	6,175	3,932	—	3,932	3,719	—	3,719
Pay to Court for Cost of Homicide Trial	—	—	—	—	—	—	—	—	—
Local Assistance	—	—	—	—	—	—	—	—	—
Commission for Economic Development	595	—	595	605	—	605	606	—	606
State Operations	—	—	—	—	—	—	—	—	—
California Arts Council	2,802	—	2,802	2,826	—	2,826	3,015	—	3,015
State Operations	12,852	—	12,852	13,118	—	13,118	12,413	—	12,413
Local Assistance	—	—	—	—	—	—	—	—	—
Totals, California Arts Council	15,654	—	15,654	15,944	—	15,944	15,428	—	15,428
Native American Heritage Commission	306	—	306	320	—	320	319	—	319
State Operations	—	—	—	—	—	—	—	—	—
Agricultural Labor Relations Board	5,980	—	5,980	6,739	—	6,739	6,717	—	6,717
State Operations	—	—	—	—	—	—	—	—	—
Public Employment Relations Board	6,314	—	6,314	6,356	—	6,356	6,349	—	6,349
State Operations	—	—	—	—	—	—	—	—	—
Dept of Industrial Relations	130,180	9,025	139,205	131,558	23,858	155,416	138,062	26,945	165,007
State Operations	—	—	—	—	—	—	—	—	—
Department of Personnel Administration	7,663	—	7,663	8,402	—	8,402	8,282	—	8,282
State Operations	—	—	—	—	—	—	—	—	—
CA Citizens Compensation Commission	—	—	—	—	—	—	98	—	98
State Operations	—	—	—	—	—	—	—	—	—
Subsequent Injuries	3,650	2,000	5,650	3,720	2,000	5,720	3,720	2,000	5,720
State Operations	—	—	—	—	—	—	—	—	—
Disaster Service Workers	526	—	526	663	—	663	663	—	663
Local Assistance	—	—	—	—	—	—	—	—	—
Board of Chiropractic Examiners	—	1,255	1,255	—	1,231	1,231	—	1,344	1,344
State Operations	—	—	—	—	—	—	—	—	—
Board of Osteopathic Examiners	—	421	421	—	402	402	—	405	405
State Operations	—	—	—	—	—	—	—	—	—
Board of Pilot Commissioners	—	578	578	—	1,134	1,134	—	1,512	1,512
State Operations	—	—	—	—	—	—	—	—	—



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
California Auctioneer Commission												
State Operations .....	—	255	255	—	—	—	274	274	—	—	—	277
California Horse Racing Board												
State Operations .....	—	7,101	7,101	—	—	—	8,183	8,183	—	—	—	8,468
California Exposition and Fairs												
State Operations .....	—	285	285	—	—	—	285	285	—	—	—	315
Total Department Food and Ag												
State Operations .....	92,914	56,658	149,572	—	8,424	77,103	76,066	153,169	—	2,231	71,498	81,598
Local Assistance .....	11,292	42,047	53,339	—	—	11,325	61,850	73,175	—	—	10,988	51,982
Capital Outlay .....	—	302	302	—	—	2,300	879	3,179	—	—	—	17,486
Totals, Department Food and Ag .....	104,206	99,007	203,213	—	8,424	90,728	138,795	229,523	—	2,231	82,486	151,066
Fair Political Practices Commission												
State Operations .....	5,190	—	5,190	—	—	5,988	—	5,988	—	—	6,003	—
Political Reform Act of 1974												
State Operations .....	—	—	—	—	—	—	—	—	—	—	2,054	—
Public Utilities Commission												
State Operations .....	—	72,003	72,003	—	125	—	75,561	75,561	—	178	—	79,518
Board of Control												
State Operations .....	908	61,621	62,529	—	13,610	925	76,055	76,980	—	15,444	1,218	95,727
Commission on State Finance												
State Operations .....	843	—	843	—	—	893	—	893	—	—	945	—
Comm on Calif State Govt Org & Economy												
State Operations .....	538	—	538	—	—	703	—	703	—	—	609	—
Membership in Interstate Organizations												
State Operations .....	999	—	999	—	—	1,075	—	1,075	—	—	1,126	—
Commission on the Status of Women												
State Operations .....	591	—	591	—	—	610	—	610	—	—	612	—
California Law Revision Commission												
State Operations .....	584	—	584	—	—	657	—	657	—	—	621	—
Commission on Uniform State Laws												
State Operations .....	94	—	94	—	—	107	—	107	—	—	107	—
Department of Finance												
State Operations .....	26,916	—	26,916	—	—	28,305	—	28,305	—	—	28,333	—
Commission on State Mandates												
State Operations .....	577	—	577	—	—	664	—	664	—	—	675	—
Office of Administrative Law												
State Operations .....	2,909	—	2,909	—	—	3,039	—	3,039	—	—	3,069	—
Department of Economic Opportunity												
State Operations .....	89	—	89	—	6,276	87	—	87	—	7,818	87	—
Local Assistance .....	—	—	—	—	81,892	—	—	—	—	100,797	—	—
Totals, Department of Economic Oppor ..	89	—	89	—	88,168	87	—	87	—	108,615	87	—
Military Department												
State Operations .....	22,496	84	22,580	—	22,289	22,511	120	22,631	—	27,088	22,604	120
Capital Outlay .....	—	484	484	—	32,572	—	527	527	—	41,696	—	3,152
Totals, Department of Economic Oppor ..	—	—	—	—	—	—	—	—	—	—	—	—
Totals, Department of Economic Oppor ..	89	—	89	—	88,168	87	—	87	—	108,615	87	—
Military Department												
State Operations .....	22,496	84	22,580	—	22,289	22,511	120	22,631	—	27,088	22,604	120
Capital Outlay .....	—	484	484	—	32,572	—	527	527	—	41,696	—	3,152
Totals, Department of Economic Oppor ..	—	—	—	—	—	—	—	—	—	—	—	—

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds
Unclassified .....	—	—	—	—	308,500	—	—	—	—	319,500	—	—
Totals, Military Department .....	22,496	568	23,064	—	363,361	22,511	647	23,158	—	388,284	22,604	3,272
Totals, General Administration .....	416,725	312,236	728,961	—	518,385	399,794	396,571	796,365	—	587,096	399,320	441,296
Local Government Aid												
Tax Relief												
Local Assistance												
Senior Citizens Property Tax Assistance	4,047	—	4,047	—	—	3,287	—	3,287	—	—	2,893	—
Senior Citizens Property Tax Deferral ..	8,350	—	8,350	—	—	9,500	—	9,500	—	—	10,500	—
Senior Citizens Renters Tax Assistance ..	20,070	—	20,070	—	—	16,220	—	16,220	—	—	14,279	—
Homeowners' Property Tax Relief .....	352,208	—	352,208	—	—	356,049	—	356,049	—	—	360,000	—
Subventions for Open Space .....	19,416	—	19,416	—	—	14,500	—	14,500	—	—	14,500	—
Renters' Tax Relief .....	483,275	—	483,275	—	—	577,000	—	577,000	—	—	328,000	—
Substandard Housing .....	278	—	278	—	—	293	—	293	—	—	396	—
Unallocated Trigger Reduction .....	—	—	—	—	—	—	—	—	—	—	-14,823	—
Total Local Assistance .....	887,644	—	887,644	—	—	976,849	—	976,849	—	—	715,745	—
Local Government Financing												
Local Assistance .....	60,832	—	60,832	—	—	27,315	—	27,315	6,000	—	39,538	5,000
Shared Revenues												
Apportionment Hwy Prop Rental Receipts	—	3,672	3,672	—	—	—	3,376	3,376	—	—	—	3,500
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Off Highway License Fees	—	784	784	—	—	—	800	800	—	—	—	800
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Fed Receipts Flood Control	—	—	—	—	312	—	—	—	—	300	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Fed Receipts Forest Res	—	—	—	—	66,992	—	—	—	—	64,061	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Fed Receipts Grazing Land	—	—	—	—	150	—	—	—	—	155	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Fed Potash Lease Rentals	—	—	—	—	3,403	—	—	—	—	3,400	—	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment of Trailer Coach Fees	—	13,878	13,878	—	—	—	13,012	13,012	—	—	—	12,417
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Motor Vehicle License Fee	—	2,014,473	2,014,473	—	—	—	2,166,970	2,166,970	—	—	—	3,267,735
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Cigarette Tax	—	62,899	62,899	—	—	—	56,291	56,291	—	—	—	54,535
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment Tideland Revenues	459	—	459	—	—	300	—	300	—	—	288	—
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment for County Roads	—	292,662	292,662	—	—	—	283,872	283,872	—	—	—	292,766
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment for City Streets	—	212,460	212,460	—	—	—	209,553	209,553	—	—	—	214,282
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment County Road & City Street	—	132,968	132,968	—	—	—	128,159	128,159	—	—	—	131,273
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—
Apportionment for Streets and Highway	—	—	—	—	—	—	133,700	133,700	—	—	—	213,119
Local Assistance .....	—	—	—	—	—	—	—	—	—	—	—	—



## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90			Estimated 1990-91			Estimated 1991-92			
	General Fund	Special funds	Budget Total	Selected Bond Funds	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds
Apportionment of Geothermal Res Develop										
Local Assistance .....	—	3,006	3,006	—	—	—	2,400	2,400	—	—
Totals, Shared Revenues .....	459	2,736,802	2,737,261	—	70,857	300	2,998,133	2,998,433	—	67,916
Totals, Local Government Aid .....	948,935	2,736,802	3,685,737	—	70,857	1,004,464	2,998,133	4,002,597	6,000	67,916
Debt Service										
Payment of Interest on Gen Fund Loans										
State Operations .....	156,654	—	156,654	—	—	217,310	—	217,310	—	—
Totals, Debt Service .....	156,654	—	156,654	—	—	217,310	—	217,310	—	—
Statewide Distributed Costs										
State Mandated Local Costs										
Local Assistance .....	19,373	1,560	20,933	—	—	21,064	3,159	24,223	—	—
General Obligation Bonds										
State Operations .....	31,936	—	31,936	—	—	28,595	—	28,595	—	—
Totals, Statewide Distributed Costs .....	51,309	1,560	52,869	—	—	49,659	3,159	52,818	—	—
Statewide Expenditures and Savings										
Health Benefits for Annuitants										
State Operations .....	191,301	—	191,301	—	—	240,668	—	240,668	—	—
Legislative Claims										
State Operations .....	8,171	1,047	9,218	11	25	5,049	2,922	7,971	—	12
SF-Oakland Bay Bridge & I-880 Disast Fnd										
Local Assistance .....	30,000	-24,342	5,658	—	—	—	24,342	24,342	—	—
Augmentation for Employee Compensation										
State Operations .....	—	—	—	—	—	12,803	2,000	14,803	—	—
Payment of Specified Attorney Fees										
State Operations .....	1,504	77	1,581	—	—	1,505	150	1,655	—	—
Federal Levy of State Funds										
Unclassified .....	1,428	—	1,428	—	—	339	—	339	—	—
Reserve for Contingencies or Emergency										
State Operations .....	—	—	—	—	—	1,500	1,500	3,000	—	—
Unallocated Capital Outlay										
Capital Outlay .....	—	319	319	508	—	—	300	300	—	—
Reserve for Encumbrances										
Unclassified .....	19,825	—	19,825	—	—	—	—	—	—	—
Statewide Gen. Adm Exp (Pro Rata)										
State Operations .....	-118,640	46	-118,594	84	—	-152,670	33	-152,637	—	—
General Fund Credits From Federal Funds										
State Operations .....	-24,136	—	-24,136	—	—	-28,987	—	-28,987	—	—
Section 3.60 Adjustments										
State Operations .....	—	—	—	—	—	-17,000	—	-17,000	—	—
Various Retirement Savings Proposals										
State Operations .....	—	—	—	—	—	-245,000	-111,899	-356,899	—	—
Estimated Unidentifiable Savings										
State Operations .....	—	—	—	—	—	-25,000	-10,000	-35,000	—	—

## Schedule 9

**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1989-90, 1990-91, AND 1991-92--Continued**  
(dollars in thousands)

	Actual 1989-90				Estimated 1990-91				Estimated 1991-92			
	General Fund	Special funds	Budget Total	Federal Funds	General Fund	Special funds	Budget Total	Selected Bond funds	Federal Funds	General Fund	Special funds	Selected Bond funds
Local Assistance .....	—	—	—	—	-75,000	—	-75,000	—	—	-115,000	—	—
Totals, Estimated Unidentifiable Savings .....	—	—	—	—	-100,000	-10,000	-110,000	—	—	-140,000	—	—
Totals, Statewide Expenditures and Savings .....	109,453	-22,853	86,600	25	-281,793	-90,652	-372,445	—	12	-224,306	-82,847	-307,153
<b>TOTALS, GENERAL GOVERNMENT .....</b>	<b>1,683,076</b>	<b>3,027,745</b>	<b>4,710,821</b>	<b>589,267</b>	<b>1,389,434</b>	<b>3,307,211</b>	<b>4,696,645</b>	<b>6,000</b>	<b>655,024</b>	<b>1,209,255</b>	<b>4,552,786</b>	<b>5,762,041</b>
State Operations .....	573,614	223,895	797,509	68,751	357,853	162,894	520,747	—	73,454	462,946	229,002	691,948
Local Assistance .....	1,088,209	2,802,745	3,890,954	—	1,028,942	3,142,611	4,171,553	6,000	220,374	745,955	4,302,846	5,048,801
Capital Outlay .....	—	1,105	1,105	32,572	2,300	1,706	4,006	—	41,696	354	20,938	21,292
Unclassified .....	21,253	—	21,253	308,500	339	—	339	—	319,500	—	—	—
<b>GRAND TOTAL .....</b>	<b>9,614,318</b>	<b>3,788,276</b>	<b>13,402,594</b>	<b>76,245</b>	<b>5,034,944</b>	<b>4,320,915</b>	<b>14,624,014</b>	<b>135,919</b>	<b>5,353,862</b>	<b>10,963,821</b>	<b>4,766,994</b>	<b>15,730,815</b>
State Operations .....	29,807,299	3,768,251	33,575,550	538,841	31,414,594	4,055,318	35,469,912	2,321,894	14,427,975	32,285,187	5,319,408	37,604,595
Local Assistance .....	13,000	300,279	313,279	1,296,628	2,600	487,971	490,571	1,369,145	1,439,209	33,354	712,427	745,781
Capital Outlay .....	21,253	15,643	36,896	—	308,500	22,000	22,339	—	319,500	—	25,000	25,000
Unclassified .....	39,455,870	7,872,449	47,328,319	1,265,897	41,720,632	8,886,204	50,606,836	3,826,958	21,540,546	43,282,362	10,823,829	54,106,191
<b>BUDGET ACT TOTALS .....</b>	<b>37,500,014</b>	<b>3,575,848</b>	<b>41,075,862</b>	<b>319,349</b>	<b>14,335,293</b>	<b>4,275,488</b>	<b>44,862,920</b>	<b>920,093</b>	<b>17,127,304</b>	<b>41,655,143</b>	<b>5,348,294</b>	<b>47,003,437</b>
State Operations .....	8,658,563	3,150,798	12,009,361	42,473	1,908,359	9,588,751	13,193,687	69,965	2,131,318	10,018,124	4,429,889	14,448,013
Local Assistance .....	28,641,451	282,852	28,924,303	164,989	11,843,278	30,998,681	31,330,630	115,485	13,959,217	31,604,019	430,478	32,034,497
Capital Outlay .....	—	142,198	142,198	111,887	583,656	—	338,603	734,643	1,036,769	33,000	487,927	520,927
<b>STATUTORY APPROPRIATIONS .....</b>	<b>617,064</b>	<b>3,131,606</b>	<b>3,748,670</b>	<b>248,859</b>	<b>3,066,579</b>	<b>3,473,007</b>	<b>3,779,586</b>	<b>2,115,774</b>	<b>183,062</b>	<b>679,856</b>	<b>4,812,498</b>	<b>5,492,354</b>
State Operations .....	82,996	285,085	368,081	17,761	6,257	386,291	476,295	22,794	10,299	55,882	427,057	482,939
Local Assistance .....	521,068	2,794,677	3,315,745	200,300	14,143	3,064,716	3,281,291	1,950,047	172,763	623,620	4,360,441	4,984,061
Capital Outlay .....	13,000	36,201	49,201	—	—	—	—	142,933	—	354	—	354
Unclassified .....	—	15,643	15,643	—	—	22,000	22,000	—	—	—	25,000	25,000
<b>CONSTITUTIONAL APPROPRIATIONS .....</b>	<b>630,032</b>	<b>—</b>	<b>630,032</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>—</b>	<b>1,148,507</b>	<b>—</b>	<b>1,148,507</b>
State Operations .....	630,032	—	630,032	—	833,244	—	833,244	—	—	1,148,507	—	1,148,507
<b>OTHER APPROPRIATIONS .....</b>	<b>708,760</b>	<b>1,164,995</b>	<b>1,873,755</b>	<b>697,689</b>	<b>4,302,774</b>	<b>1,137,709</b>	<b>1,131,086</b>	<b>791,091</b>	<b>4,230,180</b>	<b>-201,144</b>	<b>663,037</b>	<b>461,893</b>
State Operations .....	42,727	352,393	395,120	16,011	3,120,328	329,688	120,788	43,160	3,212,245	-258,692	-89,952	-348,644
Local Assistance .....	644,780	690,722	1,335,502	173,552	160,974	658,653	857,991	256,362	295,995	57,548	528,489	586,037
Capital Outlay .....	—	121,880	121,880	508,126	712,972	2,600	151,968	491,569	402,440	—	224,500	224,500
Unclassified .....	21,253	—	21,253	—	308,500	339	339	—	319,500	—	—	—
<b>TOTALS .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
<b>GRAND TOTAL .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
State Operations .....	37,500,014	3,575,848	41,075,862	319,349	14,335,293	4,275,488	44,862,920	920,093	17,127,304	41,655,143	5,348,294	47,003,437
Local Assistance .....	8,658,563	3,150,798	12,009,361	42,473	1,908,359	9,588,751	13,193,687	69,965	2,131,318	10,018,124	4,429,889	14,448,013
Capital Outlay .....	28,641,451	282,852	28,924,303	164,989	11,843,278	30,998,681	31,330,630	115,485	13,959,217	31,604,019	430,478	32,034,497
Unclassified .....	—	142,198	142,198	111,887	583,656	—	338,603	734,643	1,036,769	33,000	487,927	520,927
<b>STATUTORY APPROPRIATIONS .....</b>	<b>617,064</b>	<b>3,131,606</b>	<b>3,748,670</b>	<b>248,859</b>	<b>3,066,579</b>	<b>3,473,007</b>	<b>3,779,586</b>	<b>2,115,774</b>	<b>183,062</b>	<b>679,856</b>	<b>4,812,498</b>	<b>5,492,354</b>
State Operations .....	82,996	285,085	368,081	17,761	6,257	386,291	476,295	22,794	10,299	55,882	427,057	482,939
Local Assistance .....	521,068	2,794,677	3,315,745	200,300	14,143	3,064,716	3,281,291	1,950,047	172,763	623,620	4,360,441	4,984,061
Capital Outlay .....	13,000	36,201	49,201	—	—	—	—	142,933	—	354	—	354
Unclassified .....	—	15,643	15,643	—	—	22,000	22,000	—	—	—	25,000	25,000
<b>CONSTITUTIONAL APPROPRIATIONS .....</b>	<b>630,032</b>	<b>—</b>	<b>630,032</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>—</b>	<b>1,148,507</b>	<b>—</b>	<b>1,148,507</b>
State Operations .....	630,032	—	630,032	—	833,244	—	833,244	—	—	1,148,507	—	1,148,507
<b>OTHER APPROPRIATIONS .....</b>	<b>708,760</b>	<b>1,164,995</b>	<b>1,873,755</b>	<b>697,689</b>	<b>4,302,774</b>	<b>1,137,709</b>	<b>1,131,086</b>	<b>791,091</b>	<b>4,230,180</b>	<b>-201,144</b>	<b>663,037</b>	<b>461,893</b>
State Operations .....	42,727	352,393	395,120	16,011	3,120,328	329,688	120,788	43,160	3,212,245	-258,692	-89,952	-348,644
Local Assistance .....	644,780	690,722	1,335,502	173,552	160,974	658,653	857,991	256,362	295,995	57,548	528,489	586,037
Capital Outlay .....	—	121,880	121,880	508,126	712,972	2,600	151,968	491,569	402,440	—	224,500	224,500
Unclassified .....	21,253	—	21,253	—	308,500	339	339	—	319,500	—	—	—
<b>TOTALS .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
<b>GRAND TOTAL .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
State Operations .....	37,500,014	3,575,848	41,075,862	319,349	14,335,293	4,275,488	44,862,920	920,093	17,127,304	41,655,143	5,348,294	47,003,437
Local Assistance .....	8,658,563	3,150,798	12,009,361	42,473	1,908,359	9,588,751	13,193,687	69,965	2,131,318	10,018,124	4,429,889	14,448,013
Capital Outlay .....	28,641,451	282,852	28,924,303	164,989	11,843,278	30,998,681	31,330,630	115,485	13,959,217	31,604,019	430,478	32,034,497
Unclassified .....	—	142,198	142,198	111,887	583,656	—	338,603	734,643	1,036,769	33,000	487,927	520,927
<b>STATUTORY APPROPRIATIONS .....</b>	<b>617,064</b>	<b>3,131,606</b>	<b>3,748,670</b>	<b>248,859</b>	<b>3,066,579</b>	<b>3,473,007</b>	<b>3,779,586</b>	<b>2,115,774</b>	<b>183,062</b>	<b>679,856</b>	<b>4,812,498</b>	<b>5,492,354</b>
State Operations .....	82,996	285,085	368,081	17,761	6,257	386,291	476,295	22,794	10,299	55,882	427,057	482,939
Local Assistance .....	521,068	2,794,677	3,315,745	200,300	14,143	3,064,716	3,281,291	1,950,047	172,763	623,620	4,360,441	4,984,061
Capital Outlay .....	13,000	36,201	49,201	—	—	—	—	142,933	—	354	—	354
Unclassified .....	—	15,643	15,643	—	—	22,000	22,000	—	—	—	25,000	25,000
<b>CONSTITUTIONAL APPROPRIATIONS .....</b>	<b>630,032</b>	<b>—</b>	<b>630,032</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>833,244</b>	<b>—</b>	<b>—</b>	<b>1,148,507</b>	<b>—</b>	<b>1,148,507</b>
State Operations .....	630,032	—	630,032	—	833,244	—	833,244	—	—	1,148,507	—	1,148,507
<b>OTHER APPROPRIATIONS .....</b>	<b>708,760</b>	<b>1,164,995</b>	<b>1,873,755</b>	<b>697,689</b>	<b>4,302,774</b>	<b>1,137,709</b>	<b>1,131,086</b>	<b>791,091</b>	<b>4,230,180</b>	<b>-201,144</b>	<b>663,037</b>	<b>461,893</b>
State Operations .....	42,727	352,393	395,120	16,011	3,120,328	329,688	120,788	43,160	3,212,245	-258,692	-89,952	-348,644
Local Assistance .....	644,780	690,722	1,335,502	173,552	160,974	658,653	857,991	256,362	295,995	57,548	528,489	586,037
Capital Outlay .....	—	121,880	121,880	508,126	712,972	2,600	151,968	491,569	402,440	—	224,500	224,500
Unclassified .....	21,253	—	21,253	—	308,500	339	339	—	319,500	—	—	—
<b>TOTALS .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
<b>GRAND TOTAL .....</b>	<b>39,455,870</b>	<b>7,872,449</b>	<b>47,328,319</b>	<b>1,265,897</b>	<b>41,720,632</b>	<b>8,886,204</b>	<b>50,606,836</b>	<b>3,826,958</b>	<b>21,540,546</b>	<b>43,282,362</b>	<b>10,823,829</b>	<b>54,106,191</b>
State Operations .....	37,500,014	3,575,848	41,075,862	319,349	14,335,293	4,275,488	44,862,920	920,093	17,127,304	41,655,143	5,348,294	47,003,437
Local Assistance .....	8,658,563	3,150,798	12,009,361	42,473	1,908,359	9,588,751	13,193,687	69,965	2,131,318	10,018,124	4,429,889	14,448,013
Capital Outlay .....	28,641,451	282,852	28,924,303	164,989	11,843,278	30,998,681	31,330,630	115,485	13,959,217	31,604,019	430,478	32,034,497
Unclassified .....	—	142,198	142,198	111,887	583,656							



## Schedule 9A

**PROPOSITION 98 GUARANTEE  
FISCAL YEARS 1989-90, 1990-91, 1991-92**

(Dollars in thousands)

	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>
<b>Part 1—General Fund Appropriations</b>			
<b>STATE OPERATIONS</b>			
HEALTH AND WELFARE			
Department of Developmental Services.....	\$13,670	\$16,746	\$18,544
YOUTH AND ADULT CORRECTIONAL			
Department of the Youth Authority .....	26,136	29,551	32,020
EDUCATION			
Department of Education—State Special Schools .....	13,890	15,431	15,765
GENERAL GOVERNMENT			
Employee Compensation .....	—	—	400
Totals, State Operations .....	\$53,696	\$61,728	\$66,729
<b>LOCAL ASSISTANCE</b>			
EDUCATION			
K thru 12 Education			
Department of Education:			
Adult Education .....	\$272,301	\$290,140	\$297,393
Apportionments, County Offices .....	122,682	124,022	117,729
Apportionments, District .....	9,796,402	10,309,619	10,182,769
Apportionments, ROCP .....	230,560	240,651	243,787
Child Development .....	207,299	221,503	273,474
Child Nutrition .....	41,370	45,046	47,714
Class Size Reduction .....	—	30,994	—
Cost of Living Adjustment .....	24	—	—
Desegregation .....	477,029	516,790	515,529
Driver Training .....	—	—	21,000
Drugs and Tobacco Use Prevention Education .....	—	—	4,000
Indian Education .....	1,912	1,940	1,926
Instructional Materials .....	120,329	128,885	134,431
Prop 98 Reserve (K-12) .....	111,985	— 31,734	100,000
Special Education .....	1,320,819	1,426,967	1,480,497
Specialized Instruction and School Improvement .....	540,219	690,234	749,432
Staff Development .....	70,738	98,207	31,516
Supplemental Grants .....	180,000	185,400	185,400
Transportation .....	307,067	332,682	343,682
Vocational Education .....	8,611	4,956	4,956
Year-Round School .....	36,000	48,349	82,937
State Mandated Local Costs .....	126,634	119,872	186,406
School Facilities Aid Program .....	54,465	77,069	90,090
Totals, K Thru 12 Education .....	\$14,026,446	\$14,861,592	\$15,094,668

**Schedule 9A—Continued**  
**PROPOSITION 98 GUARANTEE**  
**FISCAL YEARS 1989-90, 1990-91, 1991-92**  
(Dollars in thousands)

	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>	
	<i>General Fund</i>	<i>General Fund</i>	<i>General Fund</i>	
Board of Governors of California Community Colleges:				
Apportionments for Community Colleges.....	\$1,421,440	\$1,481,648	\$1,479,518	
GAIN, Section 22 .....	7,900	5,000	4,600	
State Support—Academic Senate .....	150	150	379	
Extended Opportunity Program .....	46,493	47,879	51,425	
Disabled Students.....	30,055	33,356	34,108	
Instructional Improvements.....	736	736	736	
Deferred Maintenance and Special Repairs .....	15,000	8,681	8,681	
Underrep. Students/Vocational Training .....	1,270	1,270	1,270	
Foster Parent Training Programs.....	900	—	—	
Transfer Centers .....	1,991	6,449	—	
Transfer Education and Articulation.....	1,485	1,485	7,224	
Hazardous Substances.....	8,000	8,000	8,000	
Matriculation .....	35,870	38,413	39,277	
Faculty and Staff Diversity .....	1,000	1,859	1,859	
Faculty and Staff Development .....	4,900	4,900	4,900	
Accountability/Management Information Systems .....	6,400	375	—	
Academic Standards and Evaluation .....	—	50	—	
Economic Development.....	—	5,256	5,256	
Reserve .....	10,000	—	10,000	
State Mandated Local Costs .....	15,073	15,496	7,850	
Total, Community Colleges.....	\$1,608,663	\$1,661,003	\$1,665,083	
GENERAL GOVERNMENT				
General Administration:				
Office of Criminal Justice Planning .....	\$16,700	\$26,470	\$26,470	
Board of Control Claim .....	1,250	—	—	
Total, General Government .....	\$17,950	\$26,470	\$26,470	
Totals, Local Assistance .....	\$15,653,059	\$16,549,065	\$16,786,221	
Total Appropriations, State Operations and Local Assistance..	\$15,706,755	\$16,610,793	\$16,852,950	
Part Two—Reserve				
	<i>Reference to Schedule</i>	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>
Revenues and Transfers				
General Fund revenues .....	8	\$38,272,039	\$39,848,477	\$45,432,869
Less non-tax revenues .....	13-B	— 761,735	— 818,805	— 650,312
Plus SAL <sup>1</sup> transfers .....	13-C	724	85	5,035
Total General Fund SAL Revenues and Transfers .....		\$37,511,028	\$39,029,757	\$44,787,592
K thru 14 Minimum Percentage Share of SAL Revenues and Transfers (Test 1) .....		40.317%	40.317%	40.317%
Proposition 98 Appropriations .....	9A	\$15,706,755	\$16,610,793	\$16,852,950

<sup>1</sup> State Appropriations Limit, Article XIII B.



## Schedule 10

# SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992

(dollars in thousands)

Fund	Reserves June 30, 1989	Actual Income 1989-90	Actual Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992
<b>GENERAL FUND</b>	<b>1,251,782</b>	<b>38,749,531</b>	<b>39,455,869</b>	<b>545,444</b>	<b>40,438,389</b>	<b>41,720,633</b>	<b>-736,800</b>	<b>45,770,944</b>	<b>43,282,362</b>	<b>1,751,782</b>
<b>SPECIAL FUNDS</b>										
General Fund Special Accounts:										
Property Acquisition Law Money Account	2,064	849	1,686	1,227	1,133	1,963	397	928	1,325	—
Motor Vehicle Parking Facility Money Account	1,272	3,059	3,013	1,318	4,369	4,535	1,152	4,692	4,765	1,079
Access for Handicapped Account	2,089	1,438	795	2,732	471	1,111	2,092	495	1,213	1,374
Attorney General Antitrust Account	404	26	417	13	550	481	82	419	486	15
Hazardous Waste Control Account	11,678	51,959	51,141	12,496	48,118	59,977	637	59,777	58,403	1,813
Subsequent Injuries Money Account	623	2,001	2,000	624	2,000	2,000	624	2,000	2,000	624
Fingerprint Fees Account	2,985	12,720	15,040	665	18,386	17,911	1,140	18,386	17,514	2,012
Enterprise Loan Fund, State	—	—	—	—	—	—	—	—	—	—
Emergency Telephone Number Act, State	-2,520	52,099	50,073	-494	67,988	58,578	8,916	73,099	58,604	23,411
Farm Labor Contractors Special Account	266	27	17	276	27	50	253	27	50	230
Motor Vehicle Insurance Account, State	5,797	10,686	15,059	1,424	13,380	12,143	2,661	15,324	14,383	3,602
Tax Relief and Refund Account	—	—	52	-52	—	130	-182	—	—	-182
Nuclear Planning Assessment Special Ac	-10	1,857	1,953	-106	3,000	2,894	—	3,053	3,053	—
County School Service Fd Contingency Ac	45	—	10	35	—	35	—	—	—	—
Agricultural & Forestry Residue Util Ac	60	-60	—	—	-10	-10	—	—	—	—
Energy Conservation Assistance Ac, State	12,226	786	-1,960	14,972	-2,580	3,834	8,558	400	3,050	5,908
Geothermal Resources Development Account	750	5,264	5,256	758	4,220	4,200	778	4,220	4,200	798
Surface Mining and Reclamation Account	854	2,000	1,839	1,015	2,000	2,098	917	2,000	2,125	792
Special Account for Capital Outlay	63,679	76,700	34,877	105,502	8,557	97,729	16,330	148,858	159,439	5,749
Auditor General Fund	847	—	—	847	—	—	847	—	—	847
Alcohol Surtax Fund	—	—	—	—	—	—	—	17,000	17,000	—
Recycling Market Development Rev Loan	—	—	—	—	—	—	—	5,000	5,000	—
CA Residential Earthquake Recovery Fund	—	—	—	—	—	—	—	248,750	1,054	247,696
Large Water Systems Account	—	—	—	—	—	—	—	4,100	4,002	98
Perinatal Insurance Fund	—	—	—	—	—	—	—	90,000	76,530	13,470
Commodity Merchant Account	—	—	—	—	180	—	180	271	315	136
Mine Reclamation Account	—	—	—	—	—	—	—	1,046	996	50
Seismic Hazard Identification Fund	—	—	—	—	—	—	—	2,688	1,316	1,372
Real Estate Appraisers Regulation Fund	—	—	—	—	5,140	930	4,210	-480	1,296	2,434
Energy Efficiency Improvements Loan Fund	—	—	—	—	—	—	—	—	—	—
Clean Fuels Account	990	—	856	134	—	50	84	—	50	34
Hazardous Waste Mgmt Planning Subaccount	981	57	1,015	23	3	26	—	—	—	—
Jurisdiction Energy Assistance	18,938	52	3,686	15,304	50	14,079	1,275	50	1,170	155
Local Agency Technical Assistance Acc't	—	—	—	—	—	—	—	—	—	—
Methane Gas Hazard Reduction Account	244	—	190	54	—	—	54	—	—	54
Air Toxics Inventory and Assessment Acct	—	1,743	1,392	351	2,781	2,853	279	2,761	2,926	114
Solid Waste Disp Site Cleanup & Maintn Ac	1,082	2,028	1,295	1,815	20,000	18,540	3,275	20,000	18,657	4,618
Underground Storage Tank Tester Account	1	222	188	35	345	297	83	399	284	198
Assistance for Fire Equipment Acct, State	173	23	35	161	100	100	161	100	100	161
Supercomputer Center Account	—	2,000	2,000	—	2,000	2,000	—	2,000	2,000	—
Underground Storage Tank Cleanup Fund	—	11,041	323	10,718	22,294	10,694	22,318	61,220	74,905	8,633
Petro Underground Storage Tank Finance Acct	—	3,155	220	2,935	4,281	5,164	2,052	548	1,539	1,061
Seismic Gas Valve Cert Fee Acct	—	—	—	—	84	84	—	90	90	—

**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued**  
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1989</i>	<i>Actual Income 1989-90</i>	<i>Actual Expenditures 1989-90</i>	<i>Reserves June 30, 1990</i>	<i>Estimated Income 1990-91</i>	<i>Estimated Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>
Manufactured Home License Fee Account .....	—	15,826	15,826	—	15,200	15,200	—	14,600	14,600	—
Elevator Safety Account .....	1,160	3,580	3,399	1,341	3,865	4,308	1,283	4,392	4,392	1,199
Pressure Vessel Account .....	82	2,267	2,231	118	3,213	3,301	30	3,387	3,335	82
Hazardous Substance Subaccount .....	1,590	40,575	37,781	4,384	50,655	49,540	5,499	49,917	47,727	7,689
Mortgage Bd & Tax Credit Alloc Fee Acct .....	1,493	199	1,030	662	1,425	1,170	917	1,425	1,421	921
Site Operation and Maintenance Account .....	2,541	203	241	2,503	183	2,502	184	183	367	367
Dealers' Record of Sale Acct .....	356	1,439	1,250	545	8,120	6,681	1,984	9,720	6,017	5,687
Public Util Comm Transport Reimb Acct .....	4,273	7,261	4,386	7,148	3,967	5,008	6,107	3,617	5,264	4,460
Publ Utilities Comm Utilities Reimb Acct .....	14,748	37,910	44,433	8,225	44,980	45,223	7,982	46,080	47,871	6,191
R. Z'berg Urban Open Space Rec Prog Acct .....	1,422	400	400	1,022	—	514	508	—	508	—
First Offender Program Evaluation Fund .....	—	—	—	—	—	—	—	—	—	—
Energy Resources Programs Account .....	4,559	45,713	40,978	9,294	39,278	44,574	3,998	41,162	44,685	475
State Fair Police Special Account, Calif .....	64	30	20	74	20	20	74	20	50	44
Narc Assist & Relinquish Crim Offend Fd .....	-5	517	505	7	521	521	7	529	529	7
Vietnam Veterans Memorial Account .....	580	383	611	352	250	351	251	10	261	—
Underground Storage Tank Fund .....	2,302	395	992	1,705	1,183	1,174	1,714	1,187	1,206	1,695
Underground Container Inventory Account .....	—	—	—	—	—	—	—	—	—	—
Gaming Registration Fee Account .....	277	261	296	242	298	293	247	303	296	254
Mosquitoborne Disease Surveillance Acct .....	44	17	27	34	25	26	33	25	36	22
Energy Tech Research, Dev, & Demo Acct .....	1,366	2,609	2,928	1,047	3,500	3,010	1,537	800	2,000	337
Garment Manufacturers Special Account .....	354	-304	—	50	—	50	—	50	50	—
Surface Impoundment Assessment Account .....	-635	2,895	2,256	4	3,101	3,094	11	3,271	3,179	103
Armory Discretionary Improvement Account .....	184	98	84	198	120	120	198	120	120	198
Emergency Clean Water Grant Fund .....	2,274	—	330	1,944	—	1,944	—	—	—	—
Financial Responsibility Penalty Account .....	4,310	3,978	—	8,288	-8,288	—	—	—	—	—
Peace Officers' Memorial Account .....	9	1	10	—	—	—	—	—	—	—
Boxer's Neurological Examination Account .....	85	276	290	71	379	352	98	377	384	91
Hazardous Material Waste Enforc Tng Fd .....	—	—	—	—	1	—	1	—	—	1
Developmental Disabilities Services Acct .....	131	73	—	204	117	60	261	137	60	338
Local Govt Geothermal Resource Subacct .....	3,189	2,404	1,703	3,890	1,800	3,643	2,047	1,800	2,943	904
Higher Education Fees and Income-CSU .....	—	327,219	327,219	—	357,663	357,663	—	419,483	419,483	—
<b>State Transportation Fund:</b>										
Aeronautics Account STF .....	1,308	5,461	4,489	2,280	5,977	6,453	1,804	8,229	5,455	4,578
Highway Account, State, STF .....	164,420	1,292,799	1,393,635	63,584	1,715,104	1,745,389	33,299	2,007,410	2,039,764	945
Motor Vehicle Account, STF .....	140,528	774,707	877,079	38,156	939,218	925,290	52,084	1,071,966	1,016,620	107,430
Bicycle Lane Account, STF .....	239	499	642	96	540	626	10	540	540	10
Transport Planning & Develop Acct, STF .....	6,189	112,194	98,483	19,900	139,400	136,198	23,102	182,330	204,920	512
Abandoned Railroad Account, STF .....	535	-431	—	104	7	—	111	-111	—	—
Local Airport Loan Account .....	1,635	990	1,416	1,209	2,050	2,000	1,259	1,160	2,000	419
New Motor Vehicle Board Account .....	542	908	1,077	373	1,249	1,184	438	1,508	1,300	646
Seismic Safety Retrofit Account, STF .....	—	80,000	2,484	77,516	—	27,385	50,131	—	45,027	5,104
<b>Transportation Tax Funds:</b>										
Motor Vehicle Fuel Account, TTF .....	32,469	12,869	23,089	22,249	105,088	30,041	97,296	247,785	33,902	311,179
Highway Users Tax Account, TTF .....	—	638,090	638,090	—	755,484	755,484	—	851,843	851,843	—
Motor Vehicle License Fee Account, TTF .....	8,217	2,170,818	2,150,188	28,847	2,296,500	2,315,347	10,000	3,437,200	3,437,200	10,000



**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued**  
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1989</i>	<i>Actual Income 1989-90</i>	<i>Actual Expenditures 1989-90</i>	<i>Reserves June 30, 1990</i>	<i>Estimated Income 1990-91</i>	<i>Estimated Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>
<b>Feeder Funds:</b>										
Cigarette Tax Fund .....	10,036	64,642	64,658	10,020	62,200	64,000	8,220	66,000	63,000	11,220
<b>Other Governmental Cost Funds:</b>										
Acupuncturists Fund .....	608	664	517	755	673	1,011	417	589	704	302
Agriculture Act, AG Fund .....	42,890	68,951	65,585	46,256	86,691	88,304	44,643	88,916	96,329	37,230
Agricultural Pest Control Research Acct .....	842	69	299	612	69	372	309	69	373	5
Missing Children Reward Fund .....	24	—	—	24	—	2	22	—	2	20
Auctioneer Commission Fund .....	351	354	255	450	172	274	348	354	277	425
Air Pollution Control Fund .....	6	7,838	7,039	805	8,567	8,940	432	8,906	9,274	64
Alcoholic Beverage Control Appeals Fund .....	255	534	457	332	534	536	330	534	535	329
Animal Health Technician Exam Comm Fund .....	151	85	99	137	95	117	115	95	118	92
School Building Program Account-Apb Fund .....	1,011	10,084	9,646	1,449	10,864	8,965	3,348	11,382	9,830	4,900
Hospital Building Account-Apb Fund .....	7,316	15,830	16,828	6,318	23,574	24,310	5,582	23,950	24,492	5,040
Hosp Plan Chk Acct, Apb Fund .....	1,532	3,024	2,234	2,322	3,693	2,761	3,254	3,852	3,067	4,039
Rural Economic Development Fund .....	13,900	751	13,950	701	1,598	1,044	1,255	710	562	1,403
Agricultural Export Promotion Acct, CA .....	19	63	7	75	32	15	92	32	15	109
Automotive Repair Fund (Abol 1/89) .....	—	—	—	—	—	—	—	—	—	—
Water Device Certification Special Acct .....	72	—	48	24	114	118	20	160	118	62
AWOL Abatement Program Fund .....	3	—	—	3	—	—	3	—	—	3
Foster and Small Family Insurance Fund .....	453	—	134	319	—	-68	387	—	—	387
Beverage Container Recycling Fund, CA .....	5,000	152,600	152,610	4,990	249,497	249,816	4,671	263,955	263,955	4,671
Redemption Acct, Beverage Contn Recycl Fd .....	39,288	70,499	40,447	69,340	15,118	23,750	60,708	14,190	26,500	48,398
AIDS Vaccine Research Develop Grant Fd .....	2,333	—	-125	2,458	—	2,005	453	—	206	247
Banking Fund, State .....	5,902	15,522	14,042	7,382	18,062	15,646	9,798	14,417	15,040	9,175
Vital Record Improvement Project Fund .....	11,692	4,673	3,290	13,075	4,733	5,507	12,301	2,958	2,019	13,240
Drinking Driver Program Licensing Trust .....	207	556	458	305	1,550	1,138	717	1,600	1,164	1,153
Environmental License Plate Fund, Calif .....	12,539	23,795	21,698	14,636	25,264	37,150	2,750	22,536	23,608	1,678
Soil Conservation Fund .....	55	1,110	1,082	83	1,110	1,162	31	1,110	1,128	13
Health Data & Planning Fund, CA .....	1,863	7,456	6,632	2,687	8,304	7,823	3,168	8,304	9,105	2,367
Water Fund, California .....	284	78,387	78,323	348	3,921	4,147	122	2,316	2,316	122
Commerce Marketing Fund .....	8	7	—	15	9	—	24	9	—	33
Capital Outlay Fd for Public Higher Educ .....	8,113	-6,200	19	1,894	—	—	1,894	—	—	1,894
Unitary Fund, California .....	14	11	—	25	5,900	5,925	—	7,400	3,900	3,500
Chiropractic Examiners Fund .....	353	1,036	1,255	134	1,097	1,231	—	1,400	1,344	56
Collection Agency Fund .....	1,535	1,006	902	1,639	1,051	1,375	1,315	1,040	1,549	806
Trial Court Improvement Fund .....	—	—	—	—	—	—	—	—	—	—
Assembly and Senate, Contingent Funds Of .....	21	—	—	21	—	—	21	—	—	21
Continuing Care Provider Fee Fund .....	—	117	30	87	242	219	110	254	236	128
Outer Cont Shelf Land Act Sec 8g Rev Fund .....	2,133	8,598	3,026	7,705	-289	7,416	—	10,343	10,343	—
Community College Credentials Fund .....	569	582	1,151	—	—	—	—	—	—	—
Delinquent Tax Collection Fund .....	1	852	852	1	5,310	5,311	—	1,208	1,208	—
Structural Pest Control Research Fund .....	108	66	—	174	78	—	252	81	—	333
Debt Limit Allocation Committee Fund, Cal .....	359	505	288	576	440	399	617	465	428	654
Corrections Training Fund .....	4,100	14,290	14,452	3,938	15,228	16,246	2,920	16,341	16,283	2,978
Debt Advisory Commission Fund Calif .....	2,429	862	1,100	2,191	832	1,329	1,694	802	1,364	1,132
Developmental Disabilities Prog Dev Fund .....	3,010	2,709	3,759	1,960	2,733	3,397	1,296	2,733	3,656	373
Competitive Technology Fund .....	—	514	-5,775	6,289	976	-5	7,270	1,182	994	7,458

## Schedule 10

**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued**  
(dollars in thousands)

Fund	Reserves June 30, 1989	Actual Income 1989-90	Actual Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992
Dispensing Opticians Fund .....	199	215	143	271	37	195	113	236	188	161
Delta Flood Protection Fund .....	59	12,000	7,207	4,852	12,000	12,000	4,852	12,000	16,808	44
Food Safety Fund .....	224	1,277	812	689	3,144	3,223	610	3,144	3,522	232
Driver Training Penalty Assessment Fund .....	-217	1,114	897	—	920	920	—	914	914	—
Environmental Laboratory Improvement Fund .....	368	912	1,206	74	1,807	1,850	31	2,009	1,940	100
Personnel Services Fund .....	150	18	168	—	—	—	—	—	—	—
Registered Nurse Education Fund .....	—	659	23	636	615	1,194	57	610	663	4
Electromagnetic Field Study Fd,Hltn Svcs .....	313	1,622	1,928	7	—	7	—	—	—	—
Environment Enhance & Mitigat Deno Prgm Fd .....	—	—	—	—	—	—	—	10,000	10,000	—
Employment Development Dept Benefit Audit .....	1,959	6,099	6,066	1,992	6,925	7,889	1,028	7,430	8,059	399
Employment Development Contingent Fund .....	-3,880	37,695	32,815	1,000	21,293	21,293	1,000	26,876	26,876	1,000
Energy and Resource Fund .....	728	-253	—	475	-176	—	299	-149	—	150
Fair and Exposition Fund .....	7,207	26,420	27,526	6,101	27,494	31,816	1,779	28,490	28,280	1,989
Satellite Wagering Account .....	7,059	15,920	12,496	10,483	15,952	22,342	4,093	11,367	13,723	1,737
Waste Discharge Permit Fund .....	—	—	—	—	1,995	1,985	10	6,340	6,350	—
Asset Forfeiture Distribution Fund .....	—	3,961	2,571	1,390	1,321	2,711	—	1,793	1,793	—
Fire and Arson Training Fund, Calif .....	19	1,378	1,281	116	1,591	1,450	257	1,256	1,442	71
Fireworks Licensing Fund, California .....	161	346	246	261	350	288	323	355	285	393
Fish and Game Preservation Fund .....	10,258	67,112	69,024	8,346	68,569	69,567	7,348	74,131	74,454	7,025
Fisheries Restoration Account .....	137	45	137	45	—	—	45	—	—	45
Genetic Disease Testing Fund .....	7,609	25,547	28,700	4,456	31,489	32,189	3,756	37,956	38,904	2,808
Geology and Geophysics Fund .....	549	106	261	394	565	384	575	96	401	270
Fish & Wildlife Pollut Clup & Abate Act .....	616	1,194	117	1,693	100	463	1,330	100	546	884
Hearing Aid Dispensers Fund .....	310	216	348	178	429	420	187	463	431	219
Hazardous Liquid Pipeline Safety Calif .....	631	1,298	1,097	832	1,400	1,796	436	1,400	1,508	328
Waterfowl Habitat Preservation Act, Cal .....	100	1,369	—	1,469	1,180	90	2,559	260	189	2,630
Native Species Conserv & Enhancement Acc .....	—	—	—	—	118	118	—	—	—	—
Restitution Fund .....	31,340	69,817	63,181	37,976	74,744	78,547	34,173	79,352	97,235	16,290
Industrial Development Fund .....	3,418	607	375	3,650	603	444	3,809	599	476	3,932
Industrial Rel Construction Enforce Fd .....	169	435	536	88	630	658	60	682	682	8
Insurance Fund .....	14,635	65,681	59,292	21,024	69,094	68,829	21,289	70,854	70,135	22,008
Industrial Loan Special Fund .....	34,141	-34,141	—	—	—	—	—	—	—	—
Workers' Comp Administration Revolv Fund .....	—	1,297	1,297	—	13,896	13,896	—	—	16,071	—
Food Safety Account, Agriculture Fund .....	—	560	153	407	1,413	1,697	123	1,612	1,715	20
Environmental Protection Trust Fund .....	—	700	—	700	2,175	2,175	25	2,164	2,164	25
Tire Recycling Management Fund, Calif .....	—	—	—	—	4,050	3,295	755	5,400	3,300	2,855
Low-Level Radioactive Waste Disposal Fund .....	—	—	—	—	1,262	1,140	122	2,755	1,342	1,535
Cigarette & Tobacco Products Surtax Fund .....	—	568	568	—	468	468	—	447	447	—
Health Ed Act, Cig & Tob Pr Surtax .....	65,733	123,909	101,020	88,622	119,866	170,434	38,054	72,425	90,289	20,190
Hospital Svc Act, Cig & Tob Pr Surtax .....	115,034	198,826	298,253	15,607	197,516	200,544	12,579	163,243	151,307	24,515
Physician Svc Act, Cig & Tob Pr Surtax .....	32,867	57,583	81,213	9,237	56,433	59,452	6,218	33,107	32,844	6,481
Research Act, Cig & Tob Pr Surtax .....	16,434	31,094	42,581	4,947	30,017	33,607	1,357	31,083	28,585	3,855
Public Res Act, Cig & Tob Pr Surtax .....	16,434	29,356	25,075	20,715	28,017	26,078	2,654	20,095	19,791	2,958
Unallocated Act, Cig & Tob Pr Surtax .....	82,167	148,599	204,169	26,597	128,225	153,842	980	132,745	117,070	16,655
Local Agency Deposit Fund .....	106	218	254	70	225	262	33	246	262	17
Loc Pub Prosecutors & Pub Defenders Trng .....	332	909	970	271	910	986	195	910	1,080	25
Methadone Program Licensing Trust Fund .....	79	516	528	67	570	568	69	599	581	87
Environmental Water Fund .....	—	—	—	—	1,000	999	1	8,000	7,999	2



**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued**  
(dollars in thousands)

<i>Fund</i>	<i>Reserves June 30, 1989</i>	<i>Actual Income 1989-90</i>	<i>Actual Expenditures 1989-90</i>	<i>Reserves June 30, 1990</i>	<i>Estimated Income 1990-91</i>	<i>Estimated Expenditures 1990-91</i>	<i>Reserves June 30, 1991</i>	<i>Estimated Income 1991-92</i>	<i>Estimated Expenditures 1991-92</i>	<i>Reserves June 30, 1992</i>
Mobilehome Park Revolving Fund.....	200	2,985	2,786	399	3,472	3,276	595	3,906	4,232	269
Individual & Family Suppl Grant Fund, CA.....	4	-4	—	—	—	—	—	—	—	—
Emergency Svcs Disast Adm Supprt Ac Ofc Of.....	2,739	374	1,823	1,290	69	771	588	250	3,728	-2,890
Publ Fac & Loc Agency Disastr Respons Acc.....	22,090	5,683	-8,214	35,987	4,041	-48,787	88,815	4,652	21,878	71,589
Public Facilities Account-NDA Fund.....	—	—	—	—	—	—	—	—	—	—
Street and Highway Account-NDA Fund.....	7,244	627	1,354	6,517	312	2,039	4,790	197	1,454	3,533
Natural Disaster Acc.Nat Disaster Ast Fd.....	—	—	—	—	—	—	—	—	—	—
Flood Disaster Acc 86,NDA Fd (Abol 1/89).....	—	—	—	—	—	—	—	—	—	—
Earthquake Emergency Invest Acct-NDA Fd.....	77	—	77	—	—	—	—	—	—	—
So Cal Earthquake Ac.87,NDA Fd (Abol 1/89).....	418	141	322	237	635	419	453	110	413	150
Nursing Home Admin St Lic Exam Bd Fund.....	472	784	784	472	800	800	472	800	800	472
Off Highway License Fee Fund.....	—	—	—	—	16,200	16,148	52	28,895	28,947	—
Habitat Conservation Fund.....	13,741	19,478	20,651	12,568	26,197	30,280	8,485	27,212	25,108	10,589
Off Highway Vehicle Fund.....	609	495	421	683	500	402	781	500	405	876
Osteopathic Examiners Contingent Fund.....	9,146	-5,211	—	3,935	-3,935	—	—	—	—	—
Conservation & Enforcement Svcs Ac-Ohv Fd.....	119	1,461	556	1,024	1,507	1,884	647	1,707	1,882	472
Exposition Park Improvement Fund.....	5,273	44,383	41,492	8,164	47,607	48,354	7,417	50,993	49,995	8,415
Peace Officers Training Fund.....	—	—	—	—	8,500	8,500	—	20,000	20,000	—
Glass Processing Fee Account.....	—	—	—	—	—	—	—	100	100	—
Hazardous & Idle-Deserted Well Abate Fnd.....	605	593	408	790	353	491	652	706	569	789
Physicians Assistant Fund.....	—	—	—	—	—	—	—	2,450	2,450	—
Bay Protection and Toxic Cleanup Fund.....	—	—	—	—	—	—	—	—	—	—
Pilot Commissioners Fund.....	120	585	578	127	1,394	1,134	387	1,431	1,512	306
Podiatry Fund.....	624	847	743	728	1,051	855	924	1,262	915	1,271
Polygraph Examiners Fund.....	2	34	36	—	—	—	—	—	—	—
Professional Forester Registration Fund.....	107	114	140	81	173	157	97	173	165	105
Asbestos Consultant Certification Fund.....	—	—	—	—	—	—	—	400	301	99
Private Postsecond & Vocation Ed Adm Fnd.....	400	1,731	1,691	440	3,704	2,952	1,192	3,455	2,990	1,657
Psychology Fund.....	713	1,020	1,276	457	1,364	1,500	321	1,398	1,554	165
Traumatic Brain Injury Fund.....	124	500	500	124	500	500	124	500	500	124
Emergency Medical Services Personnel Fnd.....	—	122	—	122	222	145	199	227	235	191
Major Risk Insurance Fund.....	—	18,652	—	18,652	—	16,639	2,013	30,000	26,780	5,233
Resident Care Facility Elder Adm Cert Fd.....	—	32	32	—	23	23	—	—	—	—
Real Estate Fund.....	23,332	30,405	24,657	29,080	29,689	26,310	32,459	32,061	33,859	30,661
Respiratory Care Fund.....	1,059	452	710	801	872	872	801	1,036	908	929
Oil Spill Prevention & Administration Fd.....	—	—	—	—	16,000	8,012	7,988	28,523	6,565	29,946
Oil Spill Response Trust Fund.....	—	—	—	—	50,000	—	50,000	178,228	—	228,228
Electronic and Appliance Repair Fund.....	744	1,293	1,235	802	1,273	1,312	763	1,268	1,258	773
Reg Environmental Health Specialist Fund.....	231	200	134	297	150	139	308	232	269	271
Savings Association Spec Regulatory Fund.....	3,279	7,994	6,958	4,315	3,713	4,463	3,565	2,303	4,241	1,627
School Fund, State.....	—	50,058	50,058	—	25,694	25,694	—	25,694	25,694	—
School Building Lease-Purchase Fund,St.....	12,563	-2,167	10,396	—	—	-12,344	12,344	—	12,344	—
School Building Safety Fund.....	—	502	502	—	494	494	—	494	494	—
School Land Bank Fund.....	3,344	807	60	4,091	3,106	—	7,197	1,162	—	8,359
Senate Contingent Fund.....	4,312	—	2,000	2,312	—	—	2,312	—	—	2,312
Mandates Claims Fund, State.....	2,229	—	397	1,832	—	689	1,143	—	—	1,143
Disaster Relief Fund.....	—	-28,436	1,000	-29,436	168,412	3,103	135,873	-134,471	450	952
SF-Oakland Bay Bridge & Cypress Disast Fd.....	—	—	-24,342	24,342	—	24,342	—	—	—	—

**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued**  
(dollars in thousands)

Fund	Reserves June 30, 1989	Actual Income 1989-90	Actual Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992
Speech Pathology & Audio Exam Comm Fund .....	191	470	241	420	52	294	178	497	289	386
Higher Education Earthquake Account 1987 .....	220	—	-682	902	—	902	—	—	—	—
Bicycle License & Reg Fd, St(Abol 7/89) .....	45	-45	—	—	—	—	—	—	—	—
Dental Auxiliary Fund, State .....	127	734	741	120	835	898	57	924	960	21
Integrated Waste Management Acct .....	—	4,629	557	4,072	27,500	27,550	4,022	32,000	30,096	5,926
Parks and Rec Acct, St, Parks & Rec Fd .....	6,985	48,714	48,134	7,565	70,712	77,702	575	70,960	71,534	1
Fines & Forfeitures Acct, Parks & Rec Fd .....	1,085	324	343	1,066	350	771	645	350	805	190
Self-Insurance Plans Fund .....	751	1,573	1,546	778	1,573	1,980	371	1,762	2,064	69
State Police Fund, California .....	284	75	108	251	137	137	251	118	118	251
Strong Motion Instrumentation Spec Fund .....	3,434	3,954	3,157	4,231	3,954	4,067	4,118	4,123	3,513	4,728
Structural Pest Cntrl Educ&Enforcemnt Fd .....	339	50	191	198	170	200	168	173	208	133
Tax Preparers Fund .....	487	974	810	651	1,009	958	702	1,059	1,246	515
Teacher Credentials Fund .....	3,512	7,129	7,326	3,315	9,005	9,601	2,719	9,907	9,948	2,678
Test Development and Admin Acct, Tc Fd .....	166	3,706	3,472	400	3,126	2,964	562	3,126	3,028	660
Transcript Reimbursement Fund .....	16	397	392	21	397	300	118	397	296	219
Res Care Fac Persons W/Chronic Life III .....	—	—	—	—	—	—	—	15	—	15
Transportation Rate Fund .....	12,776	12,975	18,844	6,907	14,154	20,748	313	25,032	21,346	3,999
Universal Telephone Service Fund .....	—	—	—	—	—	—	—	—	—	—
Vehicle Inspection Fund (Abol 1/89) .....	—	—	—	—	—	—	—	—	—	—
Vehicle Inspection and Repair Fund .....	13,026	63,291	64,287	12,030	71,474	73,933	9,571	75,589	78,593	6,567
Victim Witness Assistance Fund .....	1,973	16,178	14,645	3,506	17,354	17,743	3,117	18,596	19,305	2,408
Wildlife Restoration Fund .....	969	1,611	1,064	1,516	1,285	1,823	978	1,207	1,550	635
Winter Recreation Fund .....	49	57	88	18	85	93	10	88	96	2
Professions and Vocations Funds:										
Accountancy Fund .....	1,533	7,329	5,626	3,236	9,456	6,515	6,177	9,563	7,126	8,614
Architectural Examiners Fd, Cal St Bd Of .....	1,447	3,750	3,662	1,535	4,037	4,044	1,528	4,097	3,902	1,723
Barber Examiners Fund, State Board of .....	541	1,317	875	983	157	1,040	100	1,060	986	174
Cemetery Fund .....	399	323	322	400	307	347	360	318	371	307
Contractors License Fund .....	37,181	30,112	30,597	36,696	32,377	36,186	32,887	31,937	34,572	30,252
Cosmetology Contingent Fund, Board of .....	1,657	3,278	3,909	1,026	4,136	4,392	770	4,470	4,665	575
Dentistry Fund, State .....	1,309	3,072	3,065	1,316	2,958	3,904	370	4,081	4,233	522
Funeral Directors and Embalmers Fund, St .....	224	563	537	250	598	616	232	593	779	46
Home Furnish & Thermal Insulat Fd, Burea .....	2,000	1,725	2,054	1,671	2,084	2,605	1,150	1,658	2,607	201
Dry Cleaning Account .....	162	25	36	151	27	56	122	27	59	90
Landscape Architects Fund, Cal St Bd of .....	47	720	300	467	665	513	619	684	680	623
Medical Quality Assurance, Contingent Fd .....	6,230	17,679	16,841	7,068	19,380	20,493	5,955	19,348	22,781	2,522
Physical Therapy Fund .....	517	416	431	502	527	685	344	691	750	285
Registered Nursing Fund, Board of .....	5,340	7,229	8,221	4,348	6,990	9,397	1,941	7,044	10,050	-1,065
Optometry Fund, State .....	890	445	529	806	274	623	457	564	805	216
Pharmacy Board Contingent Fund .....	3,419	3,888	2,756	4,551	3,928	3,331	5,148	3,932	3,324	5,756
Private Investigator and Adjuster Fund .....	5,136	4,024	4,344	4,816	4,081	5,247	3,650	3,859	5,655	1,854
Professional Engineer & Land Surveyor Fd .....	2,377	4,933	4,504	2,806	6,263	4,703	4,366	5,753	4,618	5,501
Shorthand Reporters Fund .....	783	268	401	650	293	373	570	320	421	469
Behavioral Science Examiners Fund .....	332	2,652	2,295	689	3,153	2,872	970	3,298	3,298	2,125
Structural Pest Control Fund .....	5,422	439	2,107	3,754	1,233	2,363	2,624	1,713	2,349	1,988
Veterinary Examiners Contingent Fund, Bd .....	998	851	791	1,058	863	728	1,193	869	844	1,218
Vocational Nurses Account .....	2,321	2,270	2,886	1,705	3,096	3,485	1,316	3,724	3,049	1,991



Schedule 10

SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1989, 1990, 1991 AND 1992--Continued  
(dollars in thousands)

Fund	Reserves June 30, 1989	Actual Income 1989-90	Actual Expenditures 1989-90	Reserves June 30, 1990	Estimated Income 1990-91	Estimated Expenditures 1990-91	Reserves June 30, 1991	Estimated Income 1991-92	Estimated Expenditures 1991-92	Reserves June 30, 1992
Psychiatric Technicians Account .....	462	720	567	615	738	895	458	758	953	263
Unspecified Special Funds:										
Augmentation for Employee Compensation .....	—	—	—	—	—	2,000	-2,000	—	27,442	-29,442
Payment of Specified Attorney Fees .....	—	—	—	—	—	144	-144	—	150	-294
Reserve for Contingencies or Emergency .....	—	—	—	—	—	1,500	-1,500	—	1,500	-3,000
Section 3.60 Adjustments .....	—	—	—	—	—	--	—	—	—	—
Various Retirement Savings Proposals .....	—	—	—	—	—	-111,000	111,000	—	-112,500	223,500
Unclassified:										
Bank and Corporation Tax Fund .....	—	—	93	-93	—	122	-215	—	—	-215
Personal Income Tax Fund .....	—	—	2	-2	—	6	-8	—	—	-8
Retail Sales Tax Fund .....	—	—	40	-40	—	159	-199	—	—	-199
<b>TOTALS, SPECIAL FUNDS .....</b>	<b>1,400,268</b>	<b>7,703,085</b>	<b>7,872,448</b>	<b>1,230,905</b>	<b>8,955,544</b>	<b>8,886,205</b>	<b>1,300,244</b>	<b>11,326,446</b>	<b>10,823,828</b>	<b>1,802,862</b>
<b>GRAND TOTALS .....</b>	<b>2,652,050</b>	<b>46,452,616</b>	<b>47,328,317</b>	<b>1,776,349</b>	<b>49,393,933</b>	<b>50,606,838</b>	<b>563,444</b>	<b>57,097,390</b>	<b>54,106,190</b>	<b>3,554,644</b>

## Schedule 11

STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY<sup>1</sup>  
(Dollars in thousands)

Fund No.	Title	June 30, 1989				June 30, 1990			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
Public Service Enterprise Funds									
500 S.F. Bay Bridges—North .....		\$11	\$3,174	\$98,907	\$102,092	\$3	\$3,174	\$101,376	\$104,553
501 California Housing Finance Fund .....		47	636,076	263,297	899,420	15	601,063	294,890	895,968
502 California Water Resources Development Bond Fund .....		106	—	197,006	197,112	103	—	165,955	166,058
503 California National Guard Members Farm and Home Fund of 1978 .....		15	2,269	3,060	5,344	5	2,270	4,151	6,426
505 Affordable Student Housing Revolving Fund .....		1	—	125	126	—	—	972	972
506 Central Valley Water Project Construction Fund .....		232	534,254	124,288	658,774	245	524,364	128,238	652,847
507 Central Valley Water Project Revenue Fund .....		1,074	27,786	214,326	243,186	1,055	34,852	206,425	242,332
510 California Exposition and State Fair Enterprise Fund .....		2	—	6,859	6,861	1	—	6,957	6,958
512 Compensation Insurance Fund .....		11	3,373,836	93,377	3,467,224	10	4,134,456	73,597	4,208,063
513 First-time Home Buyer Fund .....		1,244	1,010	—	2,254	1,203	267	1,470	1,470
514 Employment Training Fund .....		2	—	207,774	207,776	—	—	196,964	196,965
515 Harbor Bond Sinking Fund .....		581	—	—	581	578	—	62,518	63,018
516 Harbors and Watercraft Revolving Fund .....		502	—	54,298	54,800	500	—	67,484	76,484
518 Health Facility Construction Loan Insurance Fund .....		10	—	64,871	64,872	10	—	20,019	20,019
519 California Maritime Academy Continuing Education .....		—	—	—	—	—	—	76,484	76,484
523 East Bay State Building Authority Fund .....		—	—	—	—	—	—	20,019	20,019
524 Los Angeles State Building Authority Revenue Fund .....		—	112,852	—	112,852	1	52,721	—	52,721
525 High Tech Education Revenue Bond Fund .....		44	—	65,443	65,487	17	—	105,641	105,658
530 Mobilehome Park Purchase Fund .....		2	—	6,441	6,443	—	—	8,910	8,910
535 California Main Street Program Fund .....		231	—	—	231	16	—	—	16
536 San Diego-Coronado Toll Revenue Fund .....		1	—	16,976	16,977	1	—	21,381	21,382
542 San Francisco-Oakland Bay Bridge Toll Revenue Fund .....		26	—	160	186	25	—	175	200
543 San Francisco Seawall Sinking Fund No. 3 .....		107	—	—	107	—	—	—	—
539 Small Craft Harbor Bond Fund .....		2	—	31	33	1	—	32	33
560 Small Craft Harbor Improvement Fund .....		11	—	1,398	1,409	11	—	1,666	1,677
562 State Lottery Fund .....		2	—	219,104	219,106	—	—	195,337	195,338
565 State Coastal Conservancy Fund .....		15,736	—	—	15,736	14,186	—	—	14,186
568 Tahoe Conservancy Fund .....		174	—	—	174	273	—	—	273
571 Uninsured Employers Account .....		2,052	—	—	2,052	4,987	—	—	4,987
573 State University and Colleges Continuing Education Revenue Fund .....		101	—	32,574	32,675	51	—	38,997	39,048
575 State University and Colleges Dormitory Building Maintenance and Equipment Reserve Fund .....		30	—	35,693	35,723	9	—	48,344	48,353
576 State University and Colleges Dormitory Construction Fund .....		1,713	—	77,065	78,778	476	—	111,758	112,234
578 State University and Colleges Dormitory Interest and Redemption Fund .....		40	—	—	40	—	—	—	—
580 State University and Colleges Dormitory Revenue Fund .....		688	—	31,622	31,662	20	—	30,599	30,619
581 State University and Colleges Facilities Revenue Fund .....		2	—	71,179	71,867	686	—	92,142	92,828
586 State University and Colleges Parking Revenue Fund .....		1	—	492	494	—	—	538	538
588 San Francisco Bay Bridges, South .....		5	57,044	4,549	4,549	2	54,282	5,849	5,849
588 Unemployment Compensation Disability Fund .....		10	—	142,494	199,543	—	—	149,219	203,503
590 Veterans Debutante Revenue Fund .....		6	174,378	887,309	887,319	11	174,652	832,480	832,491
591 Indemnity—Veterans Fund .....		2	—	10,214	184,598	—	—	1,568	1,568
592 Veterans Farm and Home Building Fund of 1943 .....		114	857,019	3,144	3,146	109	764,821	4,206	4,206
596 Vincent Thomas Bridge Toll Revenue Fund .....		1	—	590,072	1,447,205	—	—	1,261,290	2,026,220
Total, Public Service Enterprise Funds .....		\$24,940	\$5,779,698	\$3,529,868	\$9,334,506	\$24,614	\$6,346,922	\$4,254,415	\$10,625,951
Working Capital and Revolving Funds									
601 Agriculture Building Fund .....		\$2	—	\$616	\$618	—	—	\$436	\$436
602 Architecture Revolving Fund .....		203,242	—	—	203,242	\$103,495	—	—	103,495
603 California Fairs Insurance Fund .....		1	—	8	9	—	—	—	—
604 Armory Fund .....		2	—	920	922	—	—	937	937
605 Ballot Paper Revolving Fund .....		342	—	—	342	343	—	—	343
611 Community College District Organization Revolving Fund .....		200	—	—	200	—	—	—	—
617 State Water Pollution Control Fund .....		—	—	—	—	60	—	—	60
630 General Obligation Bond Expense Revolving Fund .....		74	—	—	74	15	—	—	15
632 Health and Welfare Agency Data Center Revolving Fund .....		2	—	15,805	15,807	—	—	10,665	10,665
635 Rural Predevelopment Loan Fund .....		2	—	2,088	2,090	—	—	3,267	3,267



## Schedule 11

**STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY<sup>1</sup>—Continued**  
**(Dollars in thousands)**

Fund No.	Title	June 30, 1989				June 30, 1990			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
648	<i>Nongovernmental Cost Funds</i>								
648	Mobilehome Manufactured Home Revolving Fund.....	1	—	522	523	—	—	1,068	1,068
650	Old Age and Survivors Insurance Revolving Fund.....	13,208	—	—	13,208	15,214	—	—	15,214
660	Public Building Construction Fund.....	35	200,505	259,812	460,352	18	131,476	381,917	513,411
661	Public School District Organization Revolving Fund.....	138	—	—	138	214	—	—	214
662	Revolving Loan Fund.....	7	—	—	7	9	—	—	9
665	Rehabilitation Revolving Loan Guarantee Fund.....	1	—	352	353	—	—	385	385
666	Service Revolving Fund.....	13,383	—	—	13,383	1,792	—	—	1,792
667	Rural Health Service Reinsurance Account.....	2	—	—	2	1,000	—	—	1,000
669	Supported Employment Revenue Loan Guarantee Account.....	254	—	239	241	1	—	262	263
670	State Clean Water Grants Administration Revolving Fund.....	—	—	—	—	254	—	—	254
671	Rural Health Services Account.....	—	—	—	—	2,712	—	—	2,712
673	Passenger Equipment Acquisition Fund.....	1	—	1,956	1,957	—	—	—	2,155
675	State Payroll Revolving Fund.....	642,987	—	3,811	642,987	—	—	2,155	720,727
678	Prison Industries Revolving Fund.....	353	—	12,471	4,164	720,727	—	—	720,727
679	State Water Quality Control Fund.....	2	—	—	12,473	—	—	54	54
681	Surplus Money Investment Fund.....	7,963,885	—	—	7,963,885	9,007,979	—	17,557	9,007,979
682	Inmate Construction Revolving Account.....	12,389	—	—	12,389	17,949	—	—	17,949
683	Stephen P. Teale CDC Revolving Fund.....	1	—	4,314	4,315	—	—	261	261
684	New Industries Revolving Account.....	1	—	2,536	2,537	1	—	1,362	1,363
687	Donated Food Revolving Fund.....	1	—	6,443	6,444	1	—	2,277	2,278
689	California Disaster Housing Rehabilitation Fund.....	—	—	—	—	1	—	63,331	63,332
691	Water Resources Revolving Fund.....	51	—	3,523	3,574	50	—	6,403	6,453
692	Water Resources Control Board Revolving Fund.....	108	—	—	108	110	—	—	110
693	Disproportionate Share and Emergency Services Fund.....	—	—	—	—	—	—	41,600	41,600
698	Home Purchase Assistance Fund.....	—	—	—	—	1	—	5	6
702	Consumer Affairs Fund.....	100	—	8,289	8,389	100	—	7,236	7,336
704	Accountancy Fund.....	26	—	2,252	2,278	25	—	4,098	4,123
706	Architectural Examiners.....	26	—	1,586	1,612	25	—	2,528	2,553
713	Barber Examiners' Fund.....	26	—	518	544	25	—	937	962
714	Home Building and Rehabilitation Fund.....	16,000	—	—	16,000	43,660	—	—	43,660
717	Cemetery Fund.....	11	—	391	402	10	—	373	383
735	Contractors License Fund.....	50	—	37,260	37,310	51	—	35,034	35,085
738	Cosmetology Contingent Fund.....	25	—	1,739	1,764	26	—	1,491	1,517
741	Dentistry Fund.....	25	—	1,712	1,737	26	—	1,855	1,881
750	Funeral Directors' and Embalming Fund.....	10	—	239	249	10	—	238	248
752	Bureau of Home Furnishings and Thermal Insulation Fund.....	26	—	1,831	1,857	25	—	1,647	1,672
753	Dry Cleaning Account.....	1	—	147	148	1	—	141	142
757	Landscaping Architects Fund.....	25	—	77	102	25	—	515	540
758	Medical Quality Assurance.....	26	—	6,368	6,394	26	—	8,360	8,386
759	Physical Therapy Fund.....	25	—	5,482	5,507	26	—	510	536
761	Registered Nursing Fund.....	26	—	5,787	5,813	26	—	5,291	5,317
763	Optometry Fund.....	26	—	844	870	25	—	841	866
764	Clean Water and Water Reclamation Fund.....	—	—	—	—	1	—	25,225	25,226
767	Pharmacy Board Contingent Fund.....	26	—	3,342	3,368	25	—	4,442	4,467
769	Private Investigator Fund.....	26	—	5,081	5,107	25	—	5,503	5,528
770	Professional Engineers and Land Surveyors.....	26	—	2,928	2,954	25	—	3,839	3,864
771	Shorthand Reporters Fund.....	25	—	743	768	25	—	663	688
773	Behavioral Science Examiners.....	11	—	538	549	10	—	852	862
775	Structural Pest Control.....	11	—	5,304	5,315	11	—	3,666	3,677
777	Veterinary Examiners.....	11	—	897	908	11	—	1,032	1,043
779	Vocational Nurse Account.....	10	—	2,432	2,442	10	—	1,942	1,952
780	Psychiatric Tech Account.....	11	—	673	684	11	—	827	838
814	California State Lottery Fund.....	—	—	—	—	—	—	911	911
822	Public Employees Health Care.....	2	—	67,220	67,222	—	—	98,204	98,204
	Total, Working Capital and Revolving Funds.....	\$8,867,288	\$200,505	\$474,096	\$9,541,889	\$9,916,193	\$131,476	\$752,143	\$10,799,812
<b>BOND FUNDS</b>									
707	California Safe Drinking Water Fund.....	\$22,189	—	\$2,908	\$25,097	\$10,569	—	\$3,910	\$14,479
710	Hazardous Substance Cleanup Fund.....	4	—	28,119	28,119	1	—	17,855	17,856
711	1986 County Correctional Facilities Capital Expenditure Fund.....	3	—	47,293	47,296	—	—	21,029	21,030

# STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY <sup>1</sup>—Continued

(Dollars in thousands)

Fund No.	Title	June 30, 1989				June 30, 1990			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
716	Community Parklands Fund.....	2	—	8,423	8,425	—	—	15,576	15,576
718	Health Science Facilities Construction Program Fund.....	2	—	1,977	1,979	—	—	2,157	2,157
719	California School Finance Authority Fund.....	1	—	225	226	—	—	696	697
720	Lake Tahoe Acquisition Fund.....	2	—	10,871	10,873	—	—	10,432	10,433
721	Parklands Fund of 1980.....	16,626	—	—	16,626	9,044	—	—	9,044
722	Parkland Fund of 1984.....	34,737	—	—	34,737	81,180	—	—	81,180
723	New Prison Construction Fund.....	6,855	—	—	6,855	2,204	—	—	2,204
724	1984 Prison Construction Fund.....	8,574	—	—	8,574	216	—	—	216
725	County Jail Capital Expenditure Fund.....	3	—	43,636	43,639	—	—	25,635	25,636
727	1984 County Jail Capital Expenditure Fund.....	2	—	4,751	4,753	—	—	1,716	1,716
728	Recreation & Fish & Wildlife Enhancement Fund.....	1,682	—	—	1,682	1,121	—	—	1,121
729	Senior Center Bond Act Fund.....	12,219	—	—	12,219	4,204	—	—	4,204
730	State Coastal Conservancy Fund of 1984.....	5,484	—	—	5,484	9,991	—	—	9,991
731	California Alternative Energy Authority Fund.....	256	—	—	256	170	—	—	170
732	State Beach, Park, Recreational and Historical Facilities Fund.....	313	—	—	313	242	—	—	242
733	State Beach, Park, Recreational and Historical Facilities Fund of 1974.....	6,023	—	—	6,023	5,348	—	—	5,348
734	State Clean Water Fund.....	174	—	—	174	6,781	—	—	6,781
736	State Construction Program Fund.....	935	—	—	935	935	—	—	935
737	State Clean Water and Water Conservation Fund.....	9,651	—	—	9,651	6,704	—	—	6,704
739	State School Building Aid Fund.....	45,216	—	—	45,216	40,112	—	—	40,112
740	State Clean Water Bond Fund of 1984.....	716	—	841	1,557	992	—	40,432	41,424
742	State Urban, and Coastal Park Fund.....	3,946	—	—	3,946	3,647	—	—	3,647
743	State School Building Lease-Purchase Fund.....	3	—	55,498	55,501	—	—	60,861	60,862
744	Water Conservation, Water Quality Bond Fund of 1986.....	3	—	12,561	12,564	1	—	17,563	17,564
746	1986 Prison Construction Fund.....	4	—	84,873	84,877	1	—	45,280	45,281
747	Prison Construction Fund, 1988.....	3	—	108,677	108,680	2	—	137,196	137,198
748	Fish and Wildlife Habitat Enhancement.....	33	—	4,588	4,621	31	—	9,584	9,615
776	School Facilities November 1988 Bond Act.....	2	—	144	146	—	—	65,760	65,760
781	New Prison Construction Revenue Fund.....	2	—	23,561	23,563	2	—	75,797	75,799
782	Higher Education Capital Outlay Bond Fund.....	7	—	77,335	77,342	1	—	41,097	41,098
785	Higher Education Capital Outlay Bond Fund, 1988.....	7	—	93,380	93,387	2	—	29,776	29,778
786	Wildlife, Coastal and Park Conservation Fund, 1988.....	113,654	—	—	113,654	83,396	—	—	83,396
787	Wildlife and Natural Areas Conservation Fund.....	8,597	—	—	8,597	14,672	—	—	14,672
788	Wildlife and Natural Areas Safety and Housing Rehabilitation.....	27,646	—	—	27,646	22,827	—	—	22,827
789	California Earthquake Safety and Housing Rehabilitation.....	2	—	56,516	56,518	1	—	203,857	203,858
794	State School Building Lease-Purchase Bond Act, 1988.....	250	—	—	250	1,498	—	—	1,498
796	California Library Construction Revolving Fund.....	—	—	—	—	—	—	—	—
	County Correctional Capital Expenditure and Youth Facilities Bond Fund of 1988.....	—	—	—	—	—	—	18,965	18,966
	Total, Bond Funds.....	\$325,828	—	\$666,373	\$992,201	\$305,901	—	\$845,174	\$1,151,075
Retirement Funds									
815	Judges' Retirement Fund.....	\$331	\$67	—	\$398	\$22	\$9	—	\$31
820	Legislators' Retirement Fund.....	226	54,762	—	54,988	244	60,400	—	60,644
821	Flexselect Benefit Fund.....	2	—	—	331	—	—	\$1,197	1,197
830	Public Employees' Retirement Fund.....	1	43,228,624	254,215	43,482,840	1	47,412,551	249,951	47,662,503
835	Teachers' Retirement Fund.....	60	25,319,701	366,557	25,686,318	60	28,608,274	248,945	28,857,279
	Total, Retirement Funds.....	\$620	\$68,603,154	\$621,101	\$69,224,875	\$327	\$76,081,234	\$500,093	\$76,581,654
TRUST AND AGENCY FUNDS—FEDERAL									
854	Kaiz School Bus Fund.....	—	—	—	—	—	—	\$60,742	\$60,742
861	Public Health Federal Fund.....	\$2,576	—	—	\$2,576	\$8,434	—	—	8,434
862	State Child Care Facilities Fund.....	25,681	—	—	25,681	18,244	—	—	18,244
863	State Child Care Facilities Fund.....	6,180	—	—	6,180	5,552	—	—	5,552
864	Lake Tahoe Assistance Fund.....	2,320	—	—	2,320	1,923	—	—	1,923
869	Consolidated Work Program Fund.....	514	—	—	514	94	—	—	94
870	Unemployment Administration Fund.....	1,510	—	—	1,510	754	—	—	754
871	Unemployment Fund.....	2,678	—	—	2,678	1,113	—	—	1,113
888	State Legalization Impact Assistance Fund.....	219	—	—	219	2,493	—	—	2,493
890	Federal Trust Fund.....	151,716	—	—	151,716	173,318	—	—	173,318



## Schedule 11

**STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY <sup>1</sup>—Continued**  
(Dollars in thousands)

Fund No.	Title	June 30, 1989			June 30, 1990		
		Cash	Securities	Due from Surplus Money Investment Fund	Cash	Securities	Due from Surplus Money Investment Fund
893	Offshore Energy Assistance Fund.....	2,567	—	—	2,567	—	—
894	Local Coastal Program Improvement Fund.....	5,907	—	—	5,907	—	—
	Total, Trust and Agency Funds.....	\$201,868	—	—	\$201,868	\$216,476	\$60,742
Trust and Agency Funds—Other							
800	U.S. Olympic Committee Fund.....	\$218	—	—	\$218	\$212	—
803	State Children's Trust Fund.....	2	—	\$2,988	2,990	1	3,531
808	Computer Software Refund Fund.....	10	—	—	10	10	—
809	Export Finance Fund.....	1	—	4,438	4,439	1	4,630
810	County Health Facilities Financing Assistance Fund.....	2	—	420	422	1	250
811	Displaced Homemaker Emergency Loan Fund.....	2	—	886	888	1	811
812	Reader Employment Fund.....	38	—	—	38	207	207
813	Self-Help Housing Fund.....	2	—	2,798	2,800	1	3,159
816	Audit Repayment Trust Fund.....	788	—	—	788	1,040	3,160
817	Hazardous Substance Cleanup Financing Fund.....	8	—	—	8	76	1,040
823	California Alzheimer's Disease.....	889	—	—	889	1,348	—
824	California Export Promotion Account.....	120	—	—	120	13	—
826	Superfund Bond Trust Fund.....	1	—	16,116	16,117	1	—
827	Milk Producers Security Trust Fund.....	1	—	6,962	6,963	1	21,625
828	Hazardous Waste Reduction Loan Guarantee Account.....	1	—	2,821	2,822	—	11,654
829	Minority Health Professionals Education Fund.....	2	—	1,090	1,092	1	1,808
831	California State Lottery Education Fund.....	1,605	—	—	1,605	1,788	980
832	Employees' Dependent Care and Health Care Assistance Fund.....	312	—	—	312	63	1,788
838	California Maritime Academy Trust Fund.....	66	—	—	66	105	63
839	California State University Lottery Education Fund.....	35,385	—	—	35,386	31,965	105
840	California Motorcyclist Safety Fund.....	2,575	—	—	2,577	2,672	31,965
843	California Housing Trust Fund.....	2,268	—	—	2,269	1,026	2,672
845	Mental Health Primary Prevention Fund.....	3,344	—	—	3,344	4,721	1,026
846	Public Awards Fund.....	—	—	—	—	1	4,721
847	Asset Forfeiture Fund.....	—	—	—	—	1	1
853	Petroleum Violation Escrow Account.....	9	—	199,098	199,107	2	1,995
896	County Medical Services Program.....	1	—	15,087	15,088	1	143,137
899	County Health Account.....	1	—	3,299	3,300	69	22,350
900	Local Health Capital Expenditure Account.....	2	—	2,739	2,741	1	22,351
901	Medically Indigent Services Account.....	2	—	860	862	2	69
904	California Health Facilities Authority Fund.....	3	—	6,760	6,763	2	3,385
905	California Election Campaign Fund.....	152	—	—	152	2	3,386
907	California Public Broadcasting Fund.....	126	—	—	126	—	947
908	School Employees Fund.....	10	—	24,700	24,710	—	12,090
909	Community College Instructional Improvement Fund.....	999	—	—	999	10	—
910	Condemnation Deposits Fund.....	1	—	111,630	111,631	1,279	23,022
911	Educational Facilities Authority Fund.....	1	—	1,567	1,568	1	1,279
913	Industrial Relations Unpaid Wage Fund.....	191	—	—	191	2,119	102,423
914	Bay Fill Clean-Up and Abatement Fund.....	1	—	22	23	200	2,119
915	Deferred Compensation Plan Fund.....	4	\$19,582	327	19,913	—	40
916	Housing Insurance Fund.....	1	—	12,281	12,282	—	\$21,916
917	Inmates Welfare Fund.....	5	—	5,024	5,029	5	102
918	Small Business Expansion Fund.....	1	—	76	77	—	13,398
920	Litigation Deposit Fund.....	2	—	20,404	20,406	—	6,557
922	California Economic Development Grant and Loan Fund.....	2	—	6,601	6,603	1	368
923	Immunization Adverse Reaction Fund.....	23	—	—	23	1	29,062
924	Local Agency Investment Fund.....	4,092,562	—	—	4,092,562	5,233	5,234
927	Farmworker Housing Grant Fund.....	3,763	—	—	3,763	23	5,233
928	Forest Resources Improvement Fund.....	1	—	10,070	10,071	6,069,886	6,069,886
929	Housing Rehabilitation Loan Fund.....	1	—	12,573	12,574	4,320	4,320
930	Pollution Control Financing Authority Fund.....	24	—	23,158	59,386	1	12,776
931	Local Agency Code Enforcement and Rehabilitation Fund.....	—	36,204	—	—	1	12,776
935	Local Agency Indebtedness Fund.....	1,854	—	—	1,854	8	6,707
936	Homeownership Assistance Fund.....	2	—	2,070	2,072	278	25,662
938	Rental Housing Construction Incentive Fund.....	6	—	34,502	34,508	1,849	36,671
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**STATEMENT OF CASH AND SECURITIES OF ALL FUNDS IN THE TREASURY<sup>1</sup>—Continued**  
(Dollars in thousands)

Fund No.	Title	June 30, 1989				June 30, 1990			
		Cash	Securities	Due from Surplus Money Investment Fund	Totals	Cash	Securities	Due from Surplus Money Investment Fund	Totals
939	Nongovernmental Cost Funds								
940	Nutrition Reserve Fund.....	1,089	—	—	1,089	470	—	—	470
941	Renewable Resources Investment Fund.....	1,232	—	—	1,232	280	—	—	280
942	Santa Monica Mountains Conservancy Fund.....	139	—	—	139	22	—	—	22
943	Special Deposit Fund.....	49,053	19	57,474	106,546	57,131	19	40,849	97,999
944	Land Bank Fund.....	—	—	2,655	2,656	—	—	3,354	3,354
946	Student Security Trust Fund.....	1	—	7	8	—	—	11	12
947	California State University and Colleges Special Project Fund.....	11	—	4,615	4,626	10	—	2,363	2,373
948	California State University and Colleges Trust Fund.....	10	—	30,663	30,673	11	—	24,738	24,749
950	State Employees Contingency Reserve Fund.....	102	1,575	—	1,677	25	1,345	—	1,370
951	State Guaranteed Loan Reserve Fund.....	20	—	115,454	115,474	21	—	143,825	143,846
952	State Park Contingent Fund.....	2	—	873	875	—	—	885	886
954	Student Loan Authority Fund.....	871	—	5,139	5,140	1	—	7,408	7,409
955	State Instructional Materials Fund.....	32,315	—	—	32,315	16,460	—	—	16,460
956	State School Site Utilization Fund.....	9,388	—	—	9,388	11,864	—	—	11,864
959	Foster Parent Training Fund.....	27	—	—	27	27	—	—	27
960	Student Tuition Recovery Fund.....	1	—	1,736	1,737	—	—	1,623	1,623
961	State School Deferred Maintenance Fund.....	38	—	—	38	703	—	—	703
962	Volunteer Firefighters Length of Service Award Fund.....	—	597	—	597	—	673	—	673
963	Teacher Tax Shelter Annuity Fund.....	36	19,405	—	19,441	20	21,527	—	21,547
964	Mediterranean Fruit Fly Claim.....	3,535	—	—	3,535	3,535	—	—	3,535
965	Timber Tax Fund.....	1	—	200	201	1	—	98	99
970	Unclaimed Property Fund.....	30,751	335	—	31,086	12,537	220	—	12,757
972	Mobilehome Recovery Fund.....	1	—	1,532	1,533	1	—	1,682	1,683
973	Asbestos Abatement Fund.....	5,851	—	—	5,851	2,768	—	—	2,768
974	Child Care Fund.....	489	—	—	489	191	—	—	191
980	Urban Redevelopment Loan Fund.....	2	—	4,179	4,181	1	—	1,722	1,723
981	California State World Trade Commission Fund.....	69	—	—	69	146	—	—	146
982	California Urban Waterfront Area Resource Financing Authority.....	2	—	96	98	1	—	—	88
983	California Seniors Fund.....	2	—	580	581	1	—	87	88
984	Rural Community Facility Grant.....	217	—	—	217	107	—	528	528
985	Emergency Housing and Assistance Fund.....	1	—	7,083	7,084	—	—	6,548	6,548
	Total, Trust and Agency Funds—Other.....	\$4,241,261	\$77,717	\$804,181	\$5,123,159	\$6,193,738	\$82,371	\$769,387	\$7,045,496
	TOTALS, NONGOVERNMENTAL COST FUNDS.....	\$13,661,805	\$74,661,074	\$6,095,619	\$94,418,498	\$16,657,249	\$82,642,003	\$7,181,954	\$106,481,206
	GOVERNMENTAL COST FUNDS								
	General Fund.....	\$264,933	—	—	\$264,933	—	—	—	—
	Special Funds.....	1,366,782	\$2,148	\$1,699,720	3,068,650	\$1,122,044	\$2,036	\$1,711,284	\$2,835,364
	OTHER BALANCES								
	Agency Bank Accounts.....	\$33,406	—	—	\$33,406	\$903,913	—	—	\$903,913
	Uncleared Collections.....	3,166	—	—	3,166	4,481	—	—	4,481
	Outstanding Warrants.....	689,314	—	—	689,314	637,889	—	—	637,889
	Fiscal Agents.....	45,765	—	—	45,765	67,997	—	—	67,997
	Pooled Money Investment Account.....	—13,955,158	\$13,955,158	—	—	—15,431,066	\$15,431,066	—	—
	Time Deposits in Banks.....	—583,795	\$83,795	—	—	—504,700	\$04,700	—	—
	TOTALS, ALL FUNDS.....	\$1,526,218	\$89,202,175	\$7,795,339	\$98,523,732	\$3,457,807	\$98,579,805	\$8,893,238	\$110,930,850

<sup>1</sup> Only includes funds with balances.



## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1987-88, 1988-89 AND 1989-90**  
(In thousands of dollars)

Purpose and Legal Citation	Actual 1987-88			Estimated 1988-89			Estimated 1989-90		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Working Capital and Revolving Funds									
Agriculture Building Fund.....	\$2	-	\$420	\$422	\$2	-	\$446	\$448	\$555
Architecture Revolving Fund.....	55,508	-	-	55,508	91,232	-	-	91,232	xxxx
Ballot Paper Revolving Fund.....	330	-	-	330	347	448	-	-	347
Community College District Organization Revolving Fund.....	200	-	-	200	200	-	-	200	300
County Formation Revolving Fund.....	85	-	-	85	85	-	-	85	688
General Obligation Bond Expense Revolving Fund.....	42	-	-	42	73	-	-	73	77
Health and Welfare Agency Data Center Revolving Fund.....	1,216	-	-	1,216	5,152	-	-	5,152	-
Rural Predevelopment Loan Fund.....	2	-	2,175	2,177	1	-	1,750	1,751	5,888
Mobilehome Manufactured Home Revolving Fund.....	2	-	3,004	3,006	1	-	443	444	5,777
Old Age and Survivors Insurance Revolving Fund.....	26,216	-	-	26,216	13,962	-	-	13,962	77
Public Building Construction Fund.....	51	-	165,722	165,773	56	\$312,087	469,042	781,185	888,888
Public School District Organization Revolving Fund.....	333	-	-	333	227	-	-	227	888
Revolving Loan Fund.....	2	-	-	2	3	-	-	3	888
Rehabilitation Revolving Loan Guarantee Fund.....	2	-	298	300	2	-	302	304	555
Service Revolving Fund.....	3,980	-	-	3,980	24,847	-	-	24,847	444
Supported Employment Revenue Loan Guarantee Account.....	1	-	199	200	1	-	215	216	666
State Clean Water Grants Administration Revolving Fund.....	254	-	-	254	254	-	-	254	444
Passenger Equipment Acquisition Fund.....	2	-	5,516	5,518	2	-	9,390	9,392	999
State Payroll Revolving Fund.....	510,692	-	-	510,692	540,400	-	-	540,400	888
Prison Industries Revolving Fund.....	1	-	2,756	2,757	1	-	959	960	777
State Water Quality Control Fund.....	8,007	-	-	8,007	10,577	-	-	10,577	666
Surplus Property Revolving Fund.....	25	-	904	929	-	-	-	-	555
Surplus Money Investment Fund.....	7,460,875	-	-	7,460,875	7,947,397	-	-	7,947,397	444
Inmate Construction Revolving Account.....	9,602	-	-	9,602	17,417	-	-	17,417	333
Stephen P. Teale CDC Revolving Fund.....	2,544	-	-	2,544	1	-	5,730	5,731	222
New Industries Revolving Account.....	1	-	9,749	9,750	2	-	3,416	3,418	999
Donated Food Revolving Fund.....	2	-	1,717	1,719	1	-	7,154	7,155	888
Surplus Personal Property Revolving Fund.....	159	-	-	159	13	-	-	13	777
Water Resources Revolving Fund.....	51	-	12,489	12,540	50	-	7,060	7,110	666
Water Resources Control Board Revolving Fund.....	64	-	-	64	94	-	-	94	555
Consumer Affairs Fund.....	101	-	6,225	6,326	100	-	11,640	11,740	444
Bond Funds									
California Safe Drinking Water Fund.....	43,288	-	-	43,288	32,128	-	-	32,128	333
Hazardous Substance Cleanup Fund.....	1	-	44,740	44,741	2	-	39,848	39,850	222
Health Science Facilities Construction Program Fund.....	2	-	1,574	1,576	1	-	1,705	1,706	999
Lake Tahoe Acquisition Fund.....	28,809	-	-	28,809	15,791	-	-	15,791	888
Parklands Fund of 1980.....	30,098	-	-	30,098	7,751	-	-	7,751	777
Parkland Fund of 1984.....	47,794	-	-	47,794	3,622	-	-	3,622	888
New Prison Construction Fund.....	197,668	-	-	197,668	63,495	-	-	63,495	666
1984 Prison Construction Fund.....	232,310	-	-	232,310	91,035	-	-	91,035	555
County Jail Capital Expenditure Fund.....	1	-	58,840	58,841	1	-	22,758	22,759	544
1984 County Jail Capital Expenditure Fund.....	2	-	67,222	67,224	2	-	7,159	7,161	333

## Schedule 12

**COMPARATIVE STATEMENT OF EXPENDITURES BY THE BUDGET ACT AND EXPENDITURES REQUIRED BY THE CONSTITUTION  
OR OTHER STATUTES FOR THE FISCAL YEARS 1987-88, 1988-89 AND 1989-90—Continued**

(In thousands of dollars)

Purpose and Legal Citation	Actual 1987-88			Estimated 1988-89			Estimated 1989-90		
	General Fund	Special funds	Total	General Fund	Special funds	Total	General Fund	Special funds	Total
Recreation & Fish & Wildlife Enhancement Fund.....	2,867	-	-	2,867	2,787	-	-	2,787	222
Senior Center Bond Act Fund.....	48,575	-	-	48,575	37,711	-	-	37,711	999
State Coastal Conservancy Fund of 1984.....	4,408	-	-	4,408	271	-	-	271	888
California Alternative Energy Authority Fund.....	313	-	-	313	367	-	-	367	777
State Beach, Park, Recreational and Historical Facilities Fund.....	696	-	-	696	405	-	-	405	666
State Beach, Park, Recreational and Historical Facilities Fund of 1974.....	7,807	-	-	7,807	7,147	-	-	7,147	555
State Clean Water Fund.....	10,064	-	-	10,064	6,581	-	-	6,581	444
State Construction Program Fund.....	1,830	-	-	1,830	1,381	-	-	1,381	333
State Clean Water and Water Conservation Fund.....	43,564	-	-	43,564	11,169	-	-	11,169	222
State School Building Aid Fund.....	21,945	-	-	21,945	33,652	-	-	33,652	999
State Clean Water Bond Fund of 1984.....	24,462	-	-	24,462	16,693	-	-	16,693	888
State, Urban, and Coastal Park Fund.....	14,932	-	-	14,932	10,022	-	-	10,022	777
State School Building Lease-Purchase Fund.....	134,741	-	-	134,741	30,236	-	-	30,236	666
Fish and Wildlife Habitat Enhancement.....	15,713	-	-	15,713	4,284	-	-	4,284	555
New Prison Construction Revenue Fund.....	2	-	104,386	104,388	1	-	20,077	20,078	444



**Schedule 13-A**  
**STATE APPROPRIATIONS LIMIT**  
**REVENUES TO EXCLUDED FUNDS**  
(In Thousands)

<i>Source Code</i>	<i>Source</i>	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>
110200	Excise Tax on Beer and Wine.....	—	—	127,000
110300	Excise Tax on Distilled Spirits.....	—	—	63,000
110500	Cigarette Tax.....	\$569,580	\$546,800	\$531,100
110900	Horse Racing Fees-Licenses.....	11,891	13,662	14,070
120200	General Fish and Game Taxes.....	1,880	2,040	2,084
120300	Electrical Energy Tax.....	39,332	40,203	41,087
120600	Quarterly Public Utility Comm Fees.....	57,968	58,184	69,434
120700	Penalties on Public Utility Comm Qtrly Fees.....	311	320	320
120900	Off-Highway Vehicle Fees.....	1,173	1,200	1,200
121100	Genetic Disease Testing Fees.....	24,354	30,117	36,455
121200	Other Regulatory Taxes.....	42,611	56,870	55,988
121300	New Motor Vehicle Dealer License Fee.....	908	1,249	1,508
121500	General Fish and Game License Tags Permits.....	55,295	57,902	59,050
122400	Elevator and Boiler Inspection Fees.....	5,146	6,563	7,173
122700	Employment Agency License Fees.....	85	85	485
122900	Teacher Credential Fees.....	7,631	6,972	7,669
123000	Teacher Examination Fees.....	2,995	2,995	2,995
123100	Insurance Company License Fees & Penalties.....	24,410	25,095	25,990
123200	Insurance Company Examination Fees.....	7,401	8,881	9,325
123300	Other Insurance Department Fees.....	25,772	19,706	19,176
123400	Division of Real Estate Examination Fees.....	3,197	3,660	3,310
123500	Division of Real Estate License Fees.....	16,521	20,560	17,367
123600	Subdivision Filing Fees.....	5,270	5,190	5,220
123800	Building Construction Filing Fees.....	1,438	471	495
123900	Savings and Loan Licenses.....	7,436	3,379	2,129
124000	Savings and Loan Fees.....	111	30	20
125100	Beverage Container Redemption Fees.....	217,867	258,261	268,591
125300	Processing Fees.....	—	10,100	24,800
125400	Hazardous Waste Control Fees.....	43,365	46,825	57,301
125600	Other Regulatory Fees.....	70,619	223,778	421,372
125700	Other Regulatory Licenses and Permits.....	127,351	142,965	152,639
125800	Renewal Fees.....	68,287	76,332	77,633
125900	Delinquent Fees.....	1,583	4,733	4,740
130600	Architecture Public Building Fees.....	26,649	36,154	37,234
130700	Penalties on Traffic Violations.....	120,707	129,258	138,594
130800	Penalties on Felony Convictions.....	29,848	32,184	33,984
130900	Fines-Crimes of Public Offense.....	853	853	853
131000	Fish and Game Violation Fines.....	599	630	630
131100	Penalty Assessments on Fish and Game Fines.....	592	634	681
131200	Interest on Loans to Local Agencies.....	1,922	604	544
131600	Fingerprint ID Card Fees.....	15,255	21,710	21,925
131700	Miscellaneous Revenue from Local Agencies.....	30	100	1,538
140600	State Beach and Park Service Fees.....	38,462	55,240	60,850
140900	Parking Lot Revenues.....	4,392	5,694	6,217
141200	Sales of Documents.....	1,699	1,686	1,727
142200	Parental Fees.....	2,476	2,500	2,500
142500	Miscellaneous Services to the Public.....	6,482	12,046	13,772
142800	California State University Fees.....	327,219	357,663	419,483
143000	Personalized License Plates.....	30,470	31,812	32,766
150200	Income from Pooled Money Investments.....	886	1,106	6,104
150300	Income from Surplus Money Investments.....	97,591	77,570	65,959
150400	Interest Income from Loans.....	665	1,108	1,568
150600	Income from Other Investments.....	57	54	54
151200	Income from Condemnation Deposits Fund.....	5	4	4
151800	Federal Land Royalties.....	26,634	33,690	33,690
152200	Rentals of State Property.....	276	367	367
152300	Miscellaneous Revenue from Use of Property & Money.....	7,957	7,922	7,922
152400	School Land Royalties.....	2,170	20	20
152500	State Land Royalties.....	84,212	169,557	148,858
160200	Penalties and Interest on UI and DI Contribution.....	57,596	59,121	63,214
160400	Sale of Fixed Assets.....	51	—	—
160500	Sale of Confiscated Property.....	4,087	4,359	4,359

**Schedule 13-A**  
**STATE APPROPRIATIONS LIMIT**  
**REVENUES TO EXCLUDED FUNDS**  
**(In Thousands)**

<i>Source Code</i>	<i>Source</i>	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>
160600	Sale of State's Public Lands.....	—	1,262	—
161000	Escheat of Unclaimed Checks and Warrants .....	656	646	646
161400	Miscellaneous Revenue.....	26,442	38,112	303,686
161800	Penalties and Interest on Personal Income Tax.....	21,036	20,754	22,176
161900	Other Revenue—Cost Recoveries.....	773	—	—
164100	Traffic Violations.....	3,978	1,800	—
164300	Penalty Assessments .....	42,174	44,559	47,699
164400	Civil and Criminal Violation Assessment.....	3,510	3,511	3,511
	<b>TOTALS .....</b>	<b>\$2,430,199</b>	<b>\$2,829,418</b>	<b>\$3,593,861</b>



**Schedule 13-B**  
**STATE APPROPRIATIONS LIMIT**  
**NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT**  
(In Thousands)

Revenue	1989-90		1990-91		1991-92	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Apprenticeship Program Fees .....	—	—	\$1,400	—	\$3,900	—
Candidate Filing Fee .....	\$431	—	10	—	450	—
Civil and Criminal Violation Assessment .....	733	—	99	—	104	—
County Costs—Mentally Ill Patients .....	28,475	—	29,000	—	30,000	—
Domestic Corporation Fees .....	4,247	—	5,011	—	5,170	—
Driver's License Fees .....	—	\$78,570	—	\$98,400	—	\$127,700
Elevator and Boiler Inspection Fees .....	101	—	101	—	101	—
Employment Agency Filing Fees .....	35	—	35	—	35	—
Employment Agency License Fees .....	370	27	370	27	370	27
Escheat of Unclaimed Checks and Warrants .....	2,828	46	3,339	—	3,639	—
Explosive Permit Fees .....	3	—	—	—	—	—
Filing Financing Statements .....	2,253	—	2,431	—	2,550	—
Fines—Crimes of Public Offense .....	4	—	4	—	4	—
Fire Prevention and Suppression .....	283	—	200	—	200	—
Foreign Corporation Fees .....	2,043	—	2,278	—	2,430	—
Forestry & Fire Protect Nursery Sales .....	380	—	350	—	350	—
General Fees—Secretary of State .....	7,647	—	8,028	—	8,400	—
Guardianship Fees .....	41	—	40	—	40	—
Horse Racing Fees—Unclaimed Tickets .....	443	—	443	—	480	—
Horse Racing Fines and Penalties .....	136	—	365	—	365	—
Highway Carrier Uniform Business License Tax .....	5,444	—	5,500	—	5,500	—
Identification Card Fees .....	—	9,301	—	10,500	—	11,500
Income from Surplus Money Investments .....	—	49	—	50	—	60
Industrial Homework Fees .....	9	—	9	—	9	—
Interest Income from Loans .....	402	—	—	—	—	33
Interest on Loans to Local Agencies .....	—	941	—	1,000	—	1,100
Liquor License Fees .....	32,125	—	32,382	—	32,472	360
Medicare Receipts from Fed Govt (Abol 7/1/87) .....	8,022	—	10,200	—	10,200	—
Miscellaneous Revenue from Use of Property and Money .....	6,084	38,133	6,084	35,567	6,084	35,360
Miscellaneous Revenue .....	2,153	9,591	2,607	9,229	2,717	9,518
Miscellaneous Revenue from Local Agencies .....	744	3,595	749	3,595	759	3,595
Miscellaneous Services to the Public .....	8,297	52,013	8,791	58,500	11,086	61,500
Narcotic Fines .....	2,203	—	2,182	—	2,182	—
Notary Public License Fees .....	868	—	1,152	—	1,180	—
Off-Highway Vehicle Fees .....	—	2,270	—	2,400	—	2,600
Oil and Gas Lease—1% Revenue City/County .....	203	—	300	—	300	—
Open Space Cancellation Fee Deferred Taxes .....	6,652	1,110	5,250	1,110	5,250	1,110
Other Motor Vehicle Fees .....	—	766	—	780	—	780
Other Regulatory Fees .....	4,171	11,476	4,656	46,614	11,593	46,987
Other Regulatory Licenses and Permits .....	37,162	7,216	50,830	7,200	45,254	15,700
Other Regulatory Taxes .....	8,392	26,721	9,284	—	9,437	—
Other Revenues—Cost Recoveries .....	—	2,159	—	1,600	—	2,000
Parking Lot Revenues .....	826	—	826	—	826	—
Parking Violations .....	1	—	1	—	1	—
Pay Patients Board Charges .....	30,845	—	28,200	—	30,167	—
Penalties on Traffic Violations .....	—	6,269	—	—	—	—
Penalty Assessments .....	11,141	1,821	6,561	1,900	6,630	1,900
Proceeds from Estates of Deceased Person .....	1,578	—	2,630	—	2,625	—
Receipts from Health Care Dep Fd (Abol 7/83) .....	9,224	—	18,700	—	44,142	—
Rentals of State Property .....	6,107	34,784	5,234	38,363	5,309	38,680
Retail Sales and Use Taxes .....	—	444,451	—	536,700	—	182,800
Revenue-Abandoned Property .....	249,504	—	218,000	—	70,100	—
Sale of Confiscated Property .....	6	—	6	—	6	—
Sale of Fixed Assets .....	3,854	2	2,016	—	1,736	—
Sale of State's Public Lands .....	143	—	1	—	2	—
Sales of Documents .....	429	669	324	670	328	720
School Land Royalties .....	—	—	1,833	—	1,737	—
State Land Royalties .....	60,188	—	67,093	—	13,392	—
Uninsured Motorist Fees .....	5,289	—	3,900	—	700	—
Universal Telephone Service Tax .....	—784	—	—	—	—	—
Waters—Edge Election Fee .....	—	37,695	—	25,000	—	25,000
Revenue Anticipation Note Interest .....	210,000	—	270,000	—	270,000	—
<b>TOTALS .....</b>	<b>\$761,735</b>	<b>\$769,675</b>	<b>\$818,805</b>	<b>\$879,205</b>	<b>\$650,312</b>	<b>\$569,030</b>

**Schedule 13-C**  
**STATE APPROPRIATIONS LIMIT**  
**TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS**  
(In Thousands)

	<i>Actual</i> <i>1989-90</i>		<i>Estimated</i> <i>1990-91</i>		<i>Estimated</i> <i>1991-92</i>	
	<i>General Fund</i>	<i>Special Fund</i>	<i>General Fund</i>	<i>Special Fund</i>	<i>General Fund</i>	<i>Special Fund</i>
Fingerprint Fees Account to General Fund (Item 0820-011-017, Budget Act of 1989).....	\$335	-	-	-	-	-
Energy Resources Surcharge Fund to Energy Resources Programs Account (Revenue and Taxation Code Section 40031) .....	-	\$39,332	-	\$40,203	-	\$41,087
Satellite Wagering Account to General Fund (Item 8570-015-192, Budget Act of 1991) .....	-	-	-	-	\$5,000	-
Public Utilities Commission Utilities Reimbursement Account to Energy Resources Programs Account (Chapter 323, Statutes of 1983).....	-	6,000	-	-	-	-
Garment Manufacturers' Special Account to General Fund (Labor Code Section 2682).....	389	-	85	-	35	-
<b>TOTALS</b> .....	<b>\$724</b>	<b>\$45,332</b>	<b>\$85</b>	<b>\$40,203</b>	<b>\$5,035</b>	<b>\$41,087</b>



**Schedule 13-D**  
**STATE APPROPRIATIONS LIMIT**  
**EXCLUDED APPROPRIATIONS**  
(In Millions)

<i>Budget</i>	<i>Fund</i>	<i>Actual 1989-90</i>	<i>Estimated 1990-91</i>	<i>Estimated 1991-92</i>
<b>DEBT SERVICE:</b>				
9600 Bond Interest and Redemption	General	\$630	\$833	\$1,149
	General	43	15	15
4260 Ch. 376/84 Toxics	Hazardous Substance Account	5	5	5
Total Debt Service		\$678	\$853	\$1,169
<b>SUBVENTIONS:</b>				
6110 K-12 Apportionments	General	\$8,774	\$9,541	\$10,469
6110 County Offices	General	123	124	118
6870 Community Colleges	General	1,389	1,530	1,480
Subventions—Education		\$10,286	\$11,195	\$12,067
9100 Tax Relief	General	\$380	\$380	\$385
Renter's Credit	General	249	297	169
9210 Local Government Financing	General	15	15	14
	General	—	—	5
	General	40	12	20
9350 Shared Revenues:	Mobilehome License Fee	14	13	12
	Motor Vehicle License Fee	2,014	2,167	3,268
	Cigarette Tax	63	56	55
Subventions—Other		\$2,775	\$2,940	\$3,928
<b>MANDATES:</b>				
6110 K-12 Desegregation	General	\$444	\$482	\$485
K-12 Medicare	General	45	45	45
6300 Contribution to STRS	General	266	—	—
	General	180	—	470
6870 Community Colleges Medicare	General	5	5	5
Total Mandates		\$940	\$532	\$1,005
<b>TOTAL EXCLUSION:</b>		\$14,679	\$15,520	\$18,169
<i>General Fund</i>		12,583	13,279	14,829
<i>Special Funds</i>		2,096	2,241	3,340

## NOTES



## NOTES

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